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Trust Inquiry In Cincinnati Deals With Representation

31 Companies, One Agent Receive Subpoenas; Grand Jury Sets Nov. 27 Date

Subpoenas have been issued to representatives of 31 companies and to one agent in Cincinnati to appear before a grand jury there beginning Nov. 27 and to produce letters, memoranda, documents, and other material relating to agency representation in Cincinnati for the full year of 1956 and since.

The language of the subpoenas indicates that the action, undertaken by the Department of Justice, is aimed at determining whether there have been any restrictions enforced against producers representing mutual, independent, or deviating companies. The subpoena carries the name of Dwight B. Moore, anti-trust division of the U. S. Department of Justice, Cleveland.

Those subpoenaed will get an opportunity to make their presentations, which will run for three days beginning next Monday. As to companies, indications are that an officer could make a statement covering the subject matter under inquiry. Indications also are that the inquiry is not limited to fire business but concerns all lines.

The Department of Justice last moved against the insurance business in the Cleveland Board case, which involved the rule against members representing mutuals.

Tex. Investigating Unit Has Recommendations Based On Carla Losses

Plans for a formal study of how to provide protection for property owners suffering from uninsured damages caused by flood waters and waves have been outlined by the Texas house investigating committee after it received a mass of material on Hurricane Carla from the state board of insurance. In its report, which was based on findings in its hearings on the handling of Carla losses, the committee stressed four matters for consideration.

It is proposed to revise the Texas standard fire policy by removing the word "hurricane" from the list of perils, or by qualifying it in some manner so that no one would believe that flood, tide water or tidal waves are covered.

An inquiry will be made of the business to see if there is any possibility of writing flood insurance with a high deductible.

The possibility will be examined of devising a state program that provides flood insurance. Consideration will be given to a plan making the state a reinsuring agent for flood by having insurers write the coverage and the state pay losses above an amount predetermined as a permissible loss ratio.

All information on flood insurance as developed by Congress and other legislative bodies in their hearings should be assembled.

Detroit Agent New Mich. Commissioner Succeeding Blackford

Gov. John Swainson has appointed Sherwood Colburn, Oak Park and Detroit agent, Michigan insurance commissioner to succeed Frank Blackford, who resigned a week ago. Mr. Blackford is expected to take a job with a federal agency in Washington. It is presumed in some quarters the agency is the Veterans Administration and that Mr. Blackford will be in the insurance division.

Mr. Colburn, 33, has been an agent since 1950 and since 1957 has been associated with his brother in an agency operating in the Detroit area. He is a native of Detroit, a graduate of Wayne State University, and has been active in the Oakland County Democratic organization since 1955. Currently he is regional vice-chairman of the Democratic party in Oakland County.

Subject To Ratification

Mr. Colburn's appointment is subject to ratification by the senate. Mr. Blackford never achieved that, but the senate never specifically rejected him either, so he served out the term of Joseph A. Navarre and was reappointed after it was widely believed he would not be.

One of the major events of Mr. Blackford's term of office was the series of public hearings he conducted in various cities over proposed Blue Cross rate increases. Much political hay was made of this. More notably, he precipitated the action against Michigan Surety of Lansing on charges of insolvency. This situation went through prolonged court trials, and Mr. Blackford stayed on until the state supreme court handed down its decision.

Gerber Subcommittee Sets Hearing Dec. 2 At Dallas

The Gerber subcommittee of National Assn. of Insurance Commissioners has scheduled public hearings for Dec. 2 at the Adolphus Hotel, Dallas, at which proposed amendments to the aggrieved party and deviation sections of the rating laws will be considered. National Assn. of Independent Insurers and North America have submitted their proposals and these specifically will be heard. Announcement of the hearing concludes with the statement that the subcommittee "will also consider additional matters germane to its functions." NAII wants the subcommittee to reopen consideration of the entire subject of fire and casualty rating laws. In June NAIC decided to go along with the prior approval approach to rating but stated the matter was not closed. In what way it was open was not made clear.

See $24 Million Loss In Cal. Brush Fire; Rumors Are Spiked

The fires that started in western Los Angeles canyons Nov. 6 were responsible for total destruction of 456 homes and many more partially damaged, according to General Adjustment Bureau, which has already received 470 individual assignments, including claims for dwellings, contents and additional living expense. Total insured losses in the Stone Canyon and Topango fires may run in the region of $24 million, according to Insurance Information Institute.

Cooperation Is Keynote

GAB cooperated with and was in close contact with III, National Board, Insurance Agents Assn. of Los Angeles and Insurance Brokers Assn. of California, and other segments of the capital stock insurance industry. All organizations moved quickly to assist victims of the fires, with radio, television and ads in the daily papers utilized to disseminate information to the victims.

It has been pointed out that if the Los Angeles total loss, including uninsured property and damage to valuable watersheds, reaches the $100 million anticipated, this will be exceeded only by the $175 million Chicago fire of 1871 and the $350 million earthquake and fire in San Francisco in 1906. Records of three other major fires show $50 million in Boston in 1872, $50 million in Baltimore in 1904 and the Livonia, Mich., fire at a General Motors plant in 1953, with losses in excess of $50 million.

Rumors of all kinds with reference to the insurance companies on the various risks flew almost as thick and fast as

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NAII Convention At Los Angeles Attended By 800

Bureau Manual, Gerber Subcommittee Actions Produce Headaches

By JOHN BURRIDGE

In its 17 years of existence as a trade association, National Assn. of Independent Insurers has made no obeisance to Hartford or New York, and the organization's annual meeting last week in Los Angeles demonstrated clearly that no change in this policy is contemplated. NAII members are vexed with the National Bureau assessment and copyright program for its rating manual, and they have been unable to obtain the kind of satisfaction they want during the course of a year of negotiations. It is understood that NAII will make still another request for lifting of the copyright, and if that its rating manual and they have been issue will get into court.

Want Rate Issue Reopened

In the field of rate regulation, NAII is asking the Gerber subcommittee of National Assn. of Insurance Commissioners to reopen the question of consideration of no prior approval rating laws. General Manager Vestal Lemmon, in one of the strongest statements anyone has made on either side of this issue, said the NAII is disappointed that its efforts in response to an invitation from the Gerber subcommittee to submit suggestions for improvement of the rating laws received no more consideration than they did. He undertook to answer most

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Officers of North Dakota Assn. of Insurance Agents photographed at the annual meeting last month at Fargo: From left, Frank R. Jones, Fargo, retiring president; Harry Vadnie, Bismarck, president; J. D. Crabtree, Ellendale, first vice-president; Charles A. Dawson, Fargo, state national director; Lyle Newberry, Jamestown, secretary-treasurer. W. W. Warner, Fargo, second vice-president, was not present for the picture.

Talks were given at the meeting by Roy A. Duffus, Rochester, N. Y., agent; Victor Lowe Jr., manager of the assigned risk plans for North Dakota and Minnesota, and Harold V. Cummings, president Minnesota Mutual Life.

Ignorance Of Bureau Ratemaking Chief Cause Of Cries Of Chaos

William Leslie Jr., general manager of National Bureau, does not believe there is any such thing as an independent company. At the same time, he sees no necessity to "lock in all insurers to the same final rate." He expressed these views at the annual meeting in Chicago of Casualty Actuarial Society, speaking in his capacity as president of the organization.

Almost forgotten in all the current laments is perhaps the most important of all complaints: "As an industry, we are currently failing or have recently failed in several very important lines of insurance to make a sufficient underwriting profit," Mr. Leslie declared.

A private business which does not make profit is indeed in great trouble. If there is chaos in insurance leading to this result, it certainly deserves serious attention. The proposition could perhaps be better put the other way around, Mr. Leslie observed. All segments of the business should be deeply concerned about achieving a position to engage in the business at a proper profit. If the current or recent activities of some segments of the business have been such as to damage the opportunity for efficient units to make a profit, then now is the time for all such positions to be reexamined in a statesmanlike way.

Offers Prescription

Taking note of constant cries of chaos in the business, Mr. Leslie attributed almost all of the present difficulty to misconceptions about ratemaking in concert. He offered a five point program for bringing chaos under control and producing order:

1. The direct need for ratemaking in concert should be recognized, and all insurers should contribute their thought and effort and fair share of expense in operating the necessary organization or organizations to bring this about properly.

2. Concerted ratemaking should be made to generate a completely thought out and thoroughly refined classification system. True differences among hazards should be recognized, and in most lines the number of different classes probably should be greater than they are. Through a practical but thoroughly refined classification system there could be little doubt that the inherent hazards of the insured objects were being properly measured and that universal respect by all insurers should be accorded this measurement.

3. In order to safeguard a classification system and at the same time protect the public, insurers should retain the right to try out experimentally different classification breakdowns. As a practical matter, if the original classification job has been done thoroughly there will probably be very little temptation to do this, but the fact of experimental possibility will itself go a long way toward insuring that the original job will be done well.

4. All of this classification and hazard measurement work should be done within the framework of a system of standard forms. If, as will be suggested, competition among different marketing methods is to be maintained, then it is vital that there be not only proper and agreeable measurement of hazard, but that there also be well worked out standardization of the insuring agreements. The latter are, after all, the conduits through which the hazard or risk is transferred to the insurer. Just as when there are to be many plumbers competing there must be standard sizes of pipe and standard methods of threading, so also to do the insurance job properly

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Lemmon Wants Gerber To Reopen Rate Regulation Issue

The important aspects of the Gerber and Kefauver studies of insurance rate regulation, and the position of National Assn. of Independent Insurers respecting them were reviewed by Vestal Lemmon in his general manager's report at the NAII annual meeting in Los Angeles. He said these two reports, plus the "savage blow dealt to competitive enterprise and the public interest in North Carolina when the automobile liability insurance rating law was suddenly stripped of its deviation provisions," constitute the three most significant insurance events of 1961.

Noting that the Kefauver report "took some of the hide off the sponsors of the North Carolina legislation," Mr. Lemmon said he would not dwell on this "shocking action," reserving until later a discussion of this situation.

First Statement Of Reaction

This was Mr. Lemmon's first statement of reaction to the action of NAIC in approving the Gerber report at Philadelphia, and his first comment on the Kefauver report, although the fact that NAII was disappointed at what NAIC did and not surprised at what Sen. Kefauver said were well known. Chiefly, Mr. Lemmon spoke on

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Prov. Washington Buys Tex. Insurers

Providence Washington has purchased for cash two Austin, Tex., insurers, Western Alliance and Texas Casualty. Western Alliance had assets at 1960 year end of approximately $2 million with written premiums of $860,000 in all lines, and Texas Casualty had assets of approximately $2.5 million and written premiums of $1.5 million in all lines.

Providence Washington formerly was represented in Texas by Floyd West & Co., which some time ago was purchased by Crum & Forster. The price paid for the two insurers was not disclosed.

John W. Washington will continue as president of the two Texas companies and will also be in charge of the Texas business of Providence Washington.

Ill. Mutual Agents Hear Spencer Call For Self-Analysis

Johnson, Varland Reelected At Peoria Annual; Record Crowd Of 150 Is On Hand

By R. R. CUSCADEN

PEORIA—Illinois Assn. of Mutual Insurance Agents met here last week for its annual convention and, with a record registration of 150 on hand, reelected Ira C. Johnson, Aurora, president; heard an urgent plea from the national association's president for self-analysis on the part of both companies and agents, and devoted an entire afternoon to round table discussions of the local agent's most pressing problems.

Name New Directors

Wayne Varland, Rockford, was reelected vice-president and Dorothy Miller, Mt. Morris, was named secretary-treasurer. Five new directors were added: Hugh C. Deery, Rockford; Dale R. Bybee, Quincy; John O. Huehne, Chicago; Fred Moe Jr., Springfield; and Jack E. Russell, Glen Ellyn.

Enthusiasm at these annual get-togethers is always high, but with Claude E. Spencer, Danville, a former president of the local association and the newly elected president of National Assn. of Mutual Insurance Agents, on the program as a speaker, spirits were positively bubbling over. And adding to the effervescence were two announcements: The state association's membership is now over 300, and the national association's annual meeting in 1963 will be held in Chicago.

With regards to this last point, John Read, Chicago, a former president of the association, noted at the business meeting that the Michigan association had held its annual meeting simultaneously with the national convention in Detroit last month. He suggested that the Illinois association hold its 1963 annual in a like manner at Chicago. This provoked some lively discussion by those present and eventually it was voted to approve this suggestion.

Rising Round Of Applause

Mr. Spencer, as befits his position, was given a rising round of applause at the opening day's luncheon. After some reminiscing about the early and not so long ago days of the association, when the group was in doubt as to whether an annual convention should be held since it was questionable who would come other than the board of directors, he turned to the future. What is, or will be, the next big question for agents?

Whatever it is, Mr. Spencer said, it can be solved, as the problems of today can be solved, by more self-analysis. The agents could use more of this, the companies could, the entire industry could. The agent must see his position as, primarily, a retailer, a salesman; he is, actually, a customer of the insurance companies he represents.

Companies should assume the responsibility of looking to their agents to find out what the public wants. They must allow their agents a greater participation when such questions as

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Head table personages at the annual meeting of Casualty Actuarial Society in Chicago, photographed by Harry H. Fuller, insurance department liaison man of the National Bureau: From left, Albert Z. Skelding, National Council on Compensation Insurance (retired), secretary of the actuarial society; Richard Wolfrum, Liberty Mutual, vice-president; Ernest T. Berkeley, Employers Liability, vice-president; William Leslie Jr., National Bureau, outgoing president; Director Joseph S. Gerber of Illinois; Laurence H. Longley-Cook, North America, the new president, and Thomas Murrin, National Bureau, vice-president.

New members of the society's council are Robert L. Hurley, Inter-Regional Insurance Conference; Paul S. Liscord, Travelers, and Roy H. Kallop, National Council on Compensation Insurance.

Mr. Gerber spoke at the banquet.

National Board Closes Its Carla Offices In Houston, Galveston

With substantially more than 75% of all reported hurricane Carla losses cleared for payment, National Board has closed its Houston and Galveston supervisory offices.

Opened on Sept. 14, the Houston office cleared more than 50,000 losses totaling more than $22 million in the first 60 days after the storm. Baytown, La Porte, Pasadena, Texas City, High Island, Dickinson, Hitchcock, Alvin, Angleton, Rosenberg, Freeport, Bay City, El Campo, Palacious and Wharton were served by the Houston office.

The Galveston supervisory office was opened on Sept. 18 to handle losses on Galveston Island. By Nov. 13 the Galveston office had cleared 4,475 claims amounting to $4,257,115. Under the management of James M. Harris Jr., National Board, this office had its work compounded by the fact that the island was hit by both tornadoes and hurricane Carla.

W. D. Swift, National Board, opened the Corpus Christi office Sept. 20. At the time of its closure on Oct. 31, this office had cleared 5,333 claims totaling $3,599,405. Serving Nueces, San Patricio, Aransas, Refugio and Calhoun counties, the Corpus Christi office handled losses located in the path of Carla's eye.

The three supervisory offices were under the direction of B. P. L. Carden, general adjuster National Board. In commenting on the performance of adjusters, Mr. Carden said, "The performance of the men working on the Texas Gulf Coast has been truly remarkable. Under adverse conditions they performed in a manner that was a credit to the industry. The executive committee of National Board recognized this fact when they recently unanimously voted an expression of appreciation to all member company adjusters, and other personnel, working on Carla claims."

More Action On Kroll

INDIANAPOLIS—Court action seeking authority to liquidate Ins. Corp. of America was slowed when attorneys for the company declared it can be saved if additional time is given to complete a stock deal. Judge M. Walter Bell of Marion Superior Court continued the case until a court hearing is held in Michigan sometime in December on the proposed stock sale.

Mark H. Kroll of Cincinnati is president of the company. The Indiana department is asking for authority to liquidate ICA, contending it is insolvent nearly $1,500,000.

Kroll's attorneys presented Judge Bell with legal papers outlining the proposed stock sale. They explained that a major portion of ICA's assets consist of the stock of Michigan Surety, another Kroll insurance firm that is in serious financial trouble. ICA, which owns 95% of Michigan Surety stock, carries the stock on its books at a value of $1,284,000. Michigan Surety now is in the hands of the Michigan department.

Kroll contends that if the sale of Michigan Surety stock goes through, ICA will become solvent, because it will have $1,132,000 in its capital and surplus accounts. He said this will be accomplished because the proposed purchasers of Michigan Surety stock will assume all claims against Michigan Surety, which total $2,730,000.

The proposed buyer was identified as Charles Zimmerman, a Detroit insurance man, who among other interests, heads Trans-Continental Underwriters agency there. If the stock sale is not completed, ICA should be liquidated, Mr. Kroll's attorneys agreed.

At Cincinnati, Mr. Kroll has obtained a common pleas court order temporarily restraining the Ohio department from revoking licenses held by two agencies of which he is president—Agency Corp. of America and Wilmark Insurance Agency, both of Cincinnati. Superintendent Mullins of Ohio said he is pressing for court action on the case. He said hearings conducted by the department determined that Mr. Kroll and his two agencies violated insurance laws of Ohio and Michigan. Kroll also is president of Michigan Surety, declared insolvent by the Michigan supreme court.

Commonwealth Life Sets Up $3 Million Fire Subsidiary

Commonwealth Life is launching a fire-casualty subsidiary with capital of $1 million and surplus of $2 million. The new company is Commonwealth Fire & Casualty. It will be a direct writer using the agency force of Commonwealth Life and specializing in personal lines.

The directors of Commonwealth Life are directors of the wholly owned subsidiary, and, in addition, directors are B. B. Gerard, Richard E. Farrer and W. A. Motsch, who are officers of the life company. Mr. Farrer is executive vice-president of Commonwealth F. & C. He has been with Commonwealth Life for several months during the management study of the personal lines fire and casualty business, and before that was with Cascade.

B. J. Elem Retires

B. J. Elem, general agent for Phoenix of Hartford at Wichita and former secretary of Central States at the home office in Wichita before it was absorbed by Phoenix in 1955, has retired. He started with Central States Fire in 1921 after experience as an independent adjuster and as a special agent for the Van Arsdale & Osborne Brokerage Co. general agency of Wichita for the hail department of St. Paul F. & M.

Occidental Life of North Carolina has informed stockholders that it has secured the charter of an inactive fire and casualty company that is licensed in 11 states.

Some of the special guests at the Chicago CPCU chapter luncheon last week at the Union League Club to which officials of companies and organizations in the area were invited. Purpose of the gathering was to acquaint the guests with the aims and activities of the chapter. From left: Wade Fetzer Jr., chairman Alexander & Co.; Donald K. Weiser, general manager Aetna Casualty; John Hommes, manager Western Actuarial Bureau; Paul H. Barr, vice-president of Hanover; T. J. Spenker, vice-president Allstate; E. H. Forkel, president Continental Casualty; C. N. Mullican Jr., resident vice-president western department Fireman's Fund; Fred A. Miller, regional manager Royal-Globe group; Richard Keller, Fred B. Keller & Co.; and vice-president in charge of programming of the chapter; W. A. Eakin, manager western department Employers' group; C. E. Stiehl, vice-president and manager London & Lancashire group; Elmer A. Domke, president Millers National and Illinois Ins.; E. R. Sanborn, vice-president Great American; Hubert W. Yount, executive vice-president, and Clifford N. Stevens, divisional vice-president, both of Liberty Mutual. The speaker was Leonard E. Read, president Foundation for Economic Education, New York.

Interstate F.&C. Forms Reinsurance Subsidiary

Interstate Fire & Casualty has formed Interstate Reinsurance Corp., a wholly owned subsidiary, with capital of $1 million and surplus of $1.1 million. It is believed to be the first company chartered in Illinois to write reinsurance predominantly.

Interstate Reinsurance will offer insurance companies a market for all types of reinsurance and will also write coverages for industrial, commercial and other large risks for amounts in excess of limits retained by insured or insured with another company.

Capitalization of the subsidiary came from proceeds of Interstate F. & C.'s 120,500 share stock offering marketed last month.

Interstate Reinsurance, like the parent, will be managed by Geo. F. Brown & Sons. In addition to Cameron Brown, president, other principal officers of the new subsidiary are Louis W. Biegler, executive vice-president; Robert P. Tate, vice-president and chairman; Alan J. Carey, vice-president; and Paul Allison, secretary-treasurer.

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Virginia Corporation Commission has set a hearing Nov. 30 on the National Bureau and Mutual Bureau request to increase from $1 to $3 the premium for uninsured motorists protection. The commission rejected a 1959 request to set the charge at $3.

More special guests at the Chicago CPCU chapter luncheon. From left: W. J. Zeiter, president Security Mutual Casualty; Newell R. Johnson, general manager American Mutual Insurance Alliance; R. G. Rowe and James S. Kemper, deputy chairman and chairman, respectively, of Lumbermens Mutual Casualty.

Southwest Casualty Ok'd As Surplus Lines Insurer In Illinois

Southwest Casualty of Fayetteville, Ark., which has a policyholders' surplus of more than $1,250,000, has been approved by the Illinois department as an excess and surplus lines insurer.

John Kristofer

The company has appointed Southwest Management of Chicago as managing agent. John Kristofer is president of Southwest Management.

Henry P. Carmichael is president of Southwest Casualty, Henry J. Webber is agency director, and William R. Ryan, is comptroller.

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Fidelity General Ahead Of 1960 At September 30

Operating results of Fidelity General of Chicago through Sept. 30, exceeded those of the entire preceding year. Operational profit in the nine months totaled $100,021 compared with a loss of $38,651 for all of 1960. Nine months comparative figures for 1960 were not available.

Fidelity wrote $2,166,648 in premiums in the nine months, 7.4% more than the $2,017,053 written during 1960.

Amreco Casualty Pool Capacity Increased To Provide Airline Excess

American Mutual Reinsurance Casualty pool has increased its capacity in order to provide excess liability insurance on scheduled airlines, primarily domestic companies certified by the U. S. government.

Coverage available in the pool (all net domestic) is $2,500,000 per occurrance, per aircraft, excess of $10,000,000. Submissions may be made to any of the 50 participants of the pool. Offerings will be reviewed by the scheduled airlines underwriting committee made up of American Mutual Liability (R. D. McClure); Employers Mutual Liability (E. R. Sturgeon); Hardware Mutual Casualty (W. M. Kraus); Liberty Mutual (W. R. Newton); Lumbermens Mutual Casualty (H. A. Lansman).

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Chicago Buyers Hear Talk On Benefit Plans

Geoffrey N. Calvert, vice-president and director consulting actuarial division Alexander & Alexander, spoke on "Recent Trends and Shadows of the Future in the Employe Benefit Field" at the November meeting of Chicago chapter of American Society of Insurance Management.

Mr. Calvert, who has been working for many years with industrial corporations in connection with their fringe benefit plans, reviewed trends in the pension field initiated by union bargaining, management, insurance companies and bank trustees.

Justice Department Attorney Lists 5 Areas To Watch To Maintain 'Adequate Competition'

To maintain adequate competition in the insurance industry, the attention of all state and federal agencies must be directed to the following problems: 1. Whether state legislation enforcing uniformity in rates or mandatory bureau membership is in conformity with the McCarran act; 2. Whether rating organizations should have an absolute right to contest independent filings; 3. Whether independent companies should be required to file applications for deviations annually, even though there is no rate change; 4. Whether the minority appeals provisions of state rating laws are as effective as they should be; 5. Whether the public should be represented at some stage of the rate making process to insure that the interests of the insurance buyer are considered. Only when these issues have been resolved can it be concluded that insurance rating regulation is effective and in the public interest.

These were the issues presented by Baddia J. Rashid, chief of the trial section of the anti-trust division of the Department of Justice, to the annual meeting of National Assn. of Independent Insurers at Los Angeles.

Resolution Remains Cloudy

Despite the experience gained over more than 15 years since enactment of the McCarran act, Mr. Rashid said resolution of the issues arising out of coordinated federal and state regulation of insurance remains cloudy and unsettled. "While it is desirable that the right of the states to regulate insurance be maintained," he declared, "it is equally necessary that the public be assured of the greatest protection possible through effective competition in this industry."

The tremendous technological advances of recent years have created new problems in the regulation of interstate and international trade. As an integral part of the economy, the insurance industry has an obligation to adapt itself to these progressive changes—at a time when the country is confronted with an economic challenge of survival, Mr. Rashid stated. There must be constant appraisal—by state insurance departments, by federal enforcement officials, by Congress, and by industry itself—to insure that the industry will remain strong and progressive, at the same time taking into account the general public interest in maintaining a competitive economy so as to avoid private regulation of the industry to the detriment of the concepts of free enterprise.

He said the philosophy of the anti-trust division is not to hinder the growth and development of business, but to encourage and promote it. Experience indicates that business prospers best in an atmosphere of competition, where there is equal opportunity for market access and market rivalry. "These fundamental principles of economic freedom, so essential to a free society, are equally significant in maintaining the strength and vigor of our insurance industry."

While extensive state legislation does exist in the insurance field, Mr. Rashid said the history of regulation during the past 15 years seems to indicate that most of the legislation has not been rigidly enforced. The Senate subcommittee on anti-trust and monopoly report showed that in 30 states no formal action of any kind had been taken from 1953 to 1957 involving violations of the restraint of trade and unfair trade practice legislation in those states. And in those states where some enforcement action had been taken, particularly New York, Virginia, and Colorado, the largest number of cases instituted by those states dealt primarily with unfair advertising. Similarly, in the field of mergers, the subcommittee reported that between 1953 and 1957 there were 187 insurance mergers reported, but that in no case was any of the mergers disapproved by the respective insurance commissioners.

State Regulation Necessary

"It appears, therefore," he declared, "that proper regulation and supervision at the state level of insurance industry practices is necessary, if it is desired to 'avoid increased federal jurisdiction in this area."

Despite the fact that the McCarran act has been in effect for more than 15 years, Mr. Rashid stated that there still remain unresolved areas of federal and state responsibility. These have turned primarily on the construction of the McCarran act's language which applies the federal anti-trust laws to insurance "to the extent that

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Heins Offers NAII Wealth Of Data On Insurer Insolvency

A detailed review of the University of Wisconsin's research into insurance company failures was given by Prof. Richard M. Heins of the university's bureau of business research at the annual meeting of National Assn. of Independent Insurers at Los Angeles. In addition to a recitation of the elaborate statistics the university research team has built up, Mr. Heins commented on methods of discovery of insurer insolvency, causes of insolvency, and offered some general conclusions.

Cites Observations

Among Mr. Heins' observations in connection with his study was that there are relatively fewer insolvencies in states having greater freedom in making filings, and that of causes of insolvency as listed by the New York department and his own research, in-

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Industry Must Act In A More Concerted Fashion, Dithmer Says

There is a crying need today for the industry to act in a concerted fashion, Walter Dithmer, midwestern regional manager Insurance Information Institute, told the November managers' night meeting of Assn. of Fire Insurance Examiners.

An Annual Affair

Nearly 200 were in attendance for this annual get together of the examiners and their managers; a meeting, Henry J. Zielinski, Hartford Fire, president of the association, indicated was to show the managers what the members were doing to advance themselves in the business.

Other current officers of the association are Victor M. Hammond, Great American group, vice-president; Albert P. Smola, America Fore Loyalty group, secretary, and William P. White, Aetna Fire, treasurer.

Mr. Dithmer said the business has a definite tendency toward becoming inbred; it has remained anonymous too long; it needs to get outside of its own confines occasionally.

He has never seen such troubled times, Mr. Dithmer said. Companies are flying off in all directions; many are reverting to the law of the jungle; emotions seem to govern. The speaker said he didn't mean to be gloomy, but he did think it's important to be realistic about things.

III, despite all the publicity it has had, is still relatively unknown by most people in the industry, Mr. Dithmer stated. And when they do hear of it, they expect too much from it. A good case in point was the April storm in Chicago that caused so many losses. A direct writing company in the area rented a large sound truck which advised its policyholders the phone number to call for an adjuster. Why, some people have asked, didn't III do something similar? This is a ridiculous question, the speaker said —III is supported by more than 300 capital stock insurance companies. That's a lot of phone numbers to put on a sound truck.

III sends out a good many factual news releases to the newspapers but has, of course, no control over which ones, if any, will be used. Some recent bad publicity resulted from the chartered airplane which went down with an entire football team aboard. There was a hue and cry because the insurance company paid nothing whatsoever—but that policy had four separate clauses which clearly excluded coverage. The plane didn't have a cent of valid insurance when it took off; but the newspapers said nothing about this at all.

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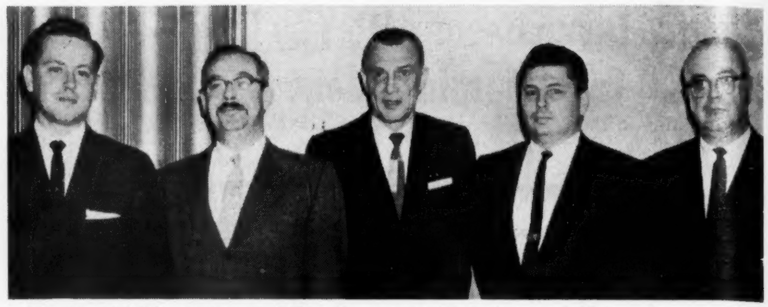
The **group plan** Vermont Assn. of Insurance Agents is working out with Connecticut General Life for association members has been extended to get enough agents signed up to make the plan effective.



The head table at Assn. of Fire Insurance Examiners of Chicago's managers' night: Albert P. Smola, America Fore Loyalty group, secretary; Henry J. Zielinski, Hartford Fire, president; Walter Dithmer, midwestern regional manager Insurance Information Insitute, the speaker; Victor M. Hammond, Great American group, vice-president, and William P. White, Aetna Fire, treasurer.

Settle Roseburg Cases

ROSEBURG, Ore.—Pacific Powder Co. of Tenino, Wash., and Pacific Powder Sales of Oregon have agreed to pay a settlement of $1,195,000 to claimants as the result of the explosion of their truck Aug. 8, 1959, in the center of town. Total claims against the companies reached $9 million.

The stipulation sets up two funds of payment, one for personal injuries and deaths and the other for property damage. Personal injury and death claims have prior consideration.

More than 3,000 suits were filed following the explosion of 64 tons of nitrate on a Pacific Powder truck in the center of Roseburg. Fourteen persons were killed and 125 injured.

Managers' night at November meeting of Assn. of Fire Insurance Examiners of Chicago found these men present. Top row, from left: J. K. Recktenwall, secretary America Fore Loyalty group, Chicago; H. C. Brose, assistant secretary America Fore Loyalty group, Chicago; D. J. Sevening, vice-president Bowes & Co.; A. A. Augustine, Chicago manager Great American; Howard D. Hendricksen, executive agency superintendent Great American, Chicago; and Frank A. Peterson Jr., secretary Great American, Chicago. Bottom row, from left: William H. Crandall, assistant manager Aetna Fire, Park Ridge, Ill.; O. R. Besch, assistant manager fire departm,ent Fireman's Fund, Chicago; John L. Mowatt Jr., assistant manager Aetna Fire, Chicago; Joseph Fraker, superintendent marine department Hartford Fire, Chicago, and W. M. Ray, assistant manager fire department Fireman's Fund, Chicago.

Selectivity Is A Bugaboo To States, Parker Tells NAII

There is vigorous competition in the fire and casualty field, Commissioner T. Nelson Parker of Virginia declared in his address at the annual meeting of National Assn. of Independent Insurers in Los Angeles. But Mr. Parker said he is concerned with some of the problems which appear to him to be a result of current competitive conditions. Chiefly he is concerned with selectivity.

Poor Allotment Of Time

Some companies, he asserted, "seem to be giving more time and thought to selecting and getting the better risks than they are to determining an adequate rate for the risk or coverage assumed. In saying this I have in mind no particular class, group or kind of insurer, because this general policy seems to prevail throughout the industry."

Mr. Parker mentioned as an example that there are complaints of good risks being forced into the auto assigned risk plan. A company will cancel, refuse to renew, or even refuse to write a particular risk, and even though this risk may be an average one which would ordinarily have no trouble getting insurance, many companies refuse to take it because of the action of the first company in refusing it. The merits or demerits of the risk seem to make little difference.

Receive Complaints

"We receive complaints that male risks for automobile insurance under 25 years of age are refused simply because of their age, and policies on fair risks are cancelled when they have a young male driver become eligible. Agents complain that they cannot place older drivers, 65 years of age or older, and that companies will not write excess limits when the policyholder is over 65. The assigned risk plan population seems to be growing in the automobile insurance field in spite of many things that are being done to depopulate it."

Some people in the industry contend that this selectivity is not caused by competition but because of the difficulty in getting proper rates approved. Mr. Parker pointed out that in Virginia in the past year the entire filing for rate increases requested by the companies for auto in-

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State, Federal Roles In Insurance Regulation Not Fully Determined

Rep. Wright Patman of Texas, addressing the annual meeting in Los Angeles of National Assn. of Independent Insurers, offered a "good natured" answer to a question frequently asked these days—does Section 3 of the Robinson-Patman act apply in the insurance field to below cost selling or selling at rates below expected cost?

Rep. Patman said the question arises presumably because of charges "that some of the big eastern combines are, in some states, selling the newer kinds of dwelling insurance at prices below anticipated costs."

If the sales in question were of goods or commodities rather than sales of insurance, this section of law would be applicable, assuming that there is interstate commerce, he declared. However, he pointed out that the Robinson-Patman act was not written with any specific reference to insurance in mind, and since its enactment a number of confusing things have happened.

Held To Be Commerce

In the SEUA case, the Supreme Court held insurance is commerce within the meaning of the federal anti-trust laws; and after the SEUA case, Congress passed the McCarran act, providing insurance with certain specific exemptions from the anti-trust law. This being true, one might conclude that Section 3 of the Robinson-Patman act does not apply.

But more recently the Supreme Court has held that Section 3 of the Robinson-Patman act is not an anti-trust law after all, within the legal meaning of that term, so Rep. Patman said he is not sure just where the matter would stand.

The main burden of keeping insurance competitive now rests with the states, he observed, and consequently, he believes the states should take a new look to see if they are, or can be, effective in dealing with discriminatory practices and in dealing with conspiracies and other unfair practices.

"The states should also take a new look at the barriers they have raised against small new companies entering the insurance business," he added. Are the high financial requirements and the prolonged waiting periods which have been prescribed really protecting the public, or are they denying the public the benefits of small new competitors in the insurance field?

"Finally, there should be a new look at the effects of the practices of some of the state officials, such as their failure to give prompt action on applications for admission."

Accentuates Merger Impact

Rep. Patman said unnecessary barriers in state laws and poor administration of these laws can go a long way toward closing the door to entry for small, new enterprises. This will accentuate the impact of mergers, leading to a concentration of the business into the hands of a few big companies. "Such a trend," he said, "would be intolerable to those of us who are working to maintain competition in all segments of our economy. If such deficiencies in state laws and regulatory practices cannot be corrected, Congress may be impelled to broaden the federal laws to maintain competition in the insurance industry."

It is not an easy or simple matter to keep the anti-trust laws effective and up-to-date with the vast changes taking place in technology and in the forms of business organization, but it is worth the effort to try, he declared.

The principles of the anti-trust laws, in summary, follow a most consistent philosophy, although some of them go less far toward prohibiting the same ends than do others, Rep. Patman said. To illustrate: All conspiracies to fix prices, allocate markets and so on, are illegal, no matter how small the com-

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Employers Liability Commercial Unit Packages Over-All Service

Employers Liability has established a commercial risk department equipped for service from an underwriting, claims, agency and engineering standpoint.

Max Beam, superintendent of the department, points out that companies sometimes discontinue fire coverage on a risk because of an incident which produces a loss on the line. At the same time, workmen's compensation, public liability, inland marine and possibly other classes are showing a gratifying profit on the risk. Viewed overall, the risk might be producing a profit.

The group is therefore embarking through the new department on an account underwriting program because it feels policyholders and producers deserve every possible consideration in the preservation of good risks now on the books. They are also entitled to advantages to be derived from buying insurance through a long-range, profit making program.

Need Imaginative Approach

This does not mean that the group is relaxing sensible underwriting procedures. Mr. Beam notes that a sound and imaginative approach to underwriting recognizes that a particular risk may have an inescapable loss potential, or that a change in management may alter the general attitude toward cooperation and safety to the point where losses, which should be avoidable, will happen.

The commercial risk unit is prepared to assist field offices in retaining good business and in acquiring new accounts. Underwriters will concentrate on correlation of casualty and property programs, excepting only boiler and machinery and surety covers. The result will be a sound plan for the account.

Special Opportunities

James M. Stewart, assistant deputy manager, points out that, broadly speaking, everything other than personal lines can be thrown into the commerical field, but in narrowing this down, risks developing in excess of $5,000 in annual premiums present the best area where the group can be of help to producers. This recognition was one of the reasons for creation of the department and a broadened outlook on the part of underwriters whereby they will seek ways to make much of this business "writeable."

When agents have been asked to relieve a company on a line, it was sometimes the result of splitting an account between companies and at other times because the underwriter was only concerned with a particular class. Looking at the total risk, the underwriters of the new unit will be able to plan intelligently and to fit a program to a risk rather than make piecemeal efforts.

Will Appeal To Prospect

In Mr. Stewart's view, the new underwriting concept, coupled with a modern safety and loss prevention program, will normally appeal to a prospect's business judgment.

Theodore A. Zuendt, assistant deputy manager, points to particular opportunities with respect to the one-location maufacturer, distributor or store that has a future and is determined to go places. It must have on its team a professional agent and a company with facilities to follow through on its interest in the particular type of risk.

There is an urgent need for profes-

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Neugebauer Advanced

Aetna Casualty has appointed Karl Neugebauer assistant secretary, in the accounts department.

He joined the group in 1954 and was a methods analyst and planning assistant before being named superintendent, direct billing and collection department earlier this year.

Complains About WC Laws

Jerry R. Holleman, assistant U. S. secretary of labor, urged a legislative conference of western states AFL-CIO leaders to work toward correcting basic worker benefits, workmen's compensation and sickness insurance programs which "leave much to be desired." Speaking in Denver to officers of labor unions from 22 states west of the Mississippi, he listed shortcomings in unemployment insurance programs and workmen's compensation laws which state legislation could rectify.

The 19 federal standards for WC which are elective by the states are not being met wholly by any of the 22 western states, he asserted. There is about 35% compliance, with only one standard being met by such states as Kansas and Louisiana, and 12 to 14 of the standards by California, Oregon and Utah.

AT HIA INDIVIDUAL FORUM

Rietz Keynotes Two-Point Program To Block King-Anderson Measure Next Year

H. Lewis Rietz, president of Health Insurance Assn. of America, put before the health insurance business a two-point program as the industry's answer to the administration's King-Anderson bill to provide health care for the aged through social security, in his keynote address at the association's individual insurance forum in Philadelphia.


H. Lewis Rietz

Mr. Rietz, who is also executive vice-president of Great Southern Life, said, "The challenge is before you today. We must understand and believe in the adequacy and soundness of the means now available to finance the cost of health care for every segment of our population and we must sell this belief broadly and with conviction.

"Secondly, we must vigorously seek more economic and effective means to provide and finance health care with our present voluntary system."

50% Now Covered

As to the claim that the majority of the aged cannot afford health insurance, Mr. Rietz said, "This contention disregards the fact that over 50% are now covered and fails to recognize either the potential inherent in group insurance or the rapid strides we have made in developing and merchandising coverages for our present aged, as well as coverages at younger ages that will continue for life.

"Furthermore, it overlooks the improving situation of our aged with respect to income and resources. Contributing factors to such continung improvement are the rapid growth of private pension plans, the increasing benefits from OASDI, and their improving liquid asset position."

Mr. Rietz scored advocates of federal medical care for the aged for using as tools emotional appeals and mathematically correct but misleading statistics.

Said Mr. Rietz, "Thus, they cite the fact that 60% of the aged 65 and over have cash incomes of less than $1,000. The census data on which this is based shows that 74% of these individuals are women and that 77% of all women 65 and over had incomes of less than $1,000.

"But the fact is that 60% of all women—my wife and I'm sure most of your wives—had money incomes of less than $1,000. But the January, 1961, census reports reveal that the median income where the head of the family was 65 and over and working was in excess of $5,300, and for such urban families, whether the family head was working or not, the median income was over $3,300.

New And Sensible Test

"Using a new and sensible test of 'equivalent income,' the New York department of labor finds a median equivalent income for all families, whose head is 65 to 69, of over $7,000. Hardly a picture of destitution since their median equivalent income for all families where the head is 40-44 is only about $5,600."

A panel, in which the favorable experience with guaranteed renewable policies was reported by three companies, was moderated by D. B. Alport, vice-chairman of HIA's individual insurance committee and vice-president, underwriting, of Business Men's Assurance.

O. C. Yuerhs, Farmers & Traders Life, said his company sells both op-

tional renewable policies and those guaranteed renewable for life.

"Persistency," he said, "appears to be about the same on both types of coverages. We accept this to mean that the insured is accepting a renewal guarantee as insurance for peace of mind and is not necessarily planning to use it adversely against the company.

Survey Of 33 Companies

W. G. Alpaugh Jr., Inter-Ocean, reported he had surveyed 33 companies which write lifetime guaranteed renewable health policies on persons 65 and older and found that in most instances it was a new coverage. He said nine companies replied that they had been issuing the coverage for more than two years and the other companies had started issuing it in the last two years. He said it was his company's conviction that in 10 years or less, 95% of the health insurance written in the U. S. will be on a guaranteed renewable basis.

G. T. Delahunty, All American Life & Casualty, said he believed his company's philosophy of continuing coverage of policyholders whose health has deteriorated "has resulted in tremendous good will and a spirit of enthusiasm by our agency staff which is difficult to measure."

Too Early To Say

Mr. Delahunty said it was too early to say whether the practice of continuing to renew deteriorating risks is excessively expensive.

"However from preliminary results, we believe it will be feasible to follow this philosophy indefinitely," he said.

Following the panel, Paul M. Hawkins, HIA counsel, said that if the King-Anderson measure is to be defeated in the second session of Congress, every member of the health insurance community must make known his views to Senators and representatives.

In the second session of the 87th Congress a decision will be made. Will this country continue its progressive approach toward better health care through free and unfettered medicine and health insurance, or will we be burdened with a regressive system of federalized medicine and health insurance? It is upon that question that the decision will be made.

"Of course, such an issue will never be dead. But if defeated at a time when the so-called liberal forces control the executive and legislative branches of our government, it will be dealt a near fatal blow."

Turning to the outlook for the second session, Mr. Hawkins pointed out no further hearings on the King-Anderson bill are necessary before the House ways and means committee, and the Senate will continue to be dominated by a liberal majority, which practically guarantees passage of any federalizing measure once it passes the House.

Lists Weaknesses

Though these facts are not encouraging, he observed, the administration is confronted by weaknesses as well as strengths in pursuing its legislative course. He listed such major weaknesses as a serious leadership problem in the House as a result of the loss of Speaker Rayburn, the gradual drifting away of some administration support in Congress, with the conservative core attracting more and more swing votes, and the reduced effect of patronage as a means of influencing Congressional votes, because the cream of the patronage was dispensed during 1961.

William N. Seery, Travelers, chairman of the executive committee of the associated Connecticut health companies, reported on the accomplishments of the Connecticut pool to provide broad health coverage for the elderly.

Speaker at the luncheon on Tuesday was Roger Fleming, secretary-treasurer and director of the Washington office of American Farm Bureau Federation. The title of Mr. Fleming's speech was "Making the Choices that Count."

Harold J. Cummings, president of Minnesota Mutual, in his address on Wednesday, said that only life insurance contractual investment can alleviate the four life-long financial worries of all men—need of ready money for emergencies or opportunities, possible prolonged loss of earning capacity, need for lifetime income at retirement and income for family in event of his death.

Mr. Cummings said a life insurance investment eliminates three of the four hazards without added cost and provides for the fourth—retirement income for life—at 50 cents on the dollar when compared to any other vehicle of savings or investment.

He said this left the remaining 50 cents to be spent or saved at will by the insured. Other investment methods not only require the whole dollar, but they protect against one financial situation and leave the other three hazards to chance.

Commissioner Hayes of Louisiana has set a hearing Nov. 28 on a safe driver program proposed by National Bureau, National Automobile Underwriters Assn. and Mutual Bureau.

Ky. Agents Elect Yeary President At 65th Annual At Louisville

LOUISVILLE—The keen competitive climate prevalent today demands that all who serve the industry, particularly those who work in the market place, must be masters of the contract they sell. It also demands that they study, work, and be responsive to change.

This was the opinion of Kentucky Commissioner W. T. Hockensmith as he addressed the 65th annual convention of Kentucky Assn. of Insurance Agents here last week. Some 300 agents were registered.

Election Results

Cecil E. Yeary, London, was elected president succeeding Donald H. Putnam Jr., Ashland. Edgar P. Stamper, Hopkinsville, moved up to 1st vice-president, and James W. Harris, Louisville, was named 2nd vice-president. Walter B. McCord, Louisville, was reelected secretary-treasurer, a post he has held for several years.

A number of speakers offered the agents stimulating views on workmen's compensation insurance, public safety, Insurance Information Institute and the national association; but certainly one of the major interests for those in attendance was a panel moderated by Sterling A. Morgan, field superintendent Travelers, that handled literally hundreds of questions the agents submitted.

The panel consisted of William E. Clark, audit superintendent Kentucky Inspection Bureau (rates and general rules); C. C. Clark, adjuster America Fore Loyalty group, Bowling Green (farm adjusting); J. B. Latham, agent at Louisville (casualty insurance changes); Henry F. McJenkins, agency manager Aetna Casualty, Louisville (inland marine), and Carl S. Ratliff, London & Lancashire group, Lexington (package policies).

It was apparent from the questions submitted, and from general conversations in the hallways, that the local agents, especially those in smaller towns, are confused to a certain extent about the rapid and sometimes confusing trends in the business today. It was also apparent from the tenor of the answers they received from the panel that the handwriting is on the wall for the local agent unless he achieves considerable more "moxie." He must study and apply himself with a good deal more effort to the many changes now going on—or find himself out of business. Competition is just too strong these days for the agent who is coasting, and who knows nothing about insurance other than the job of collecting premiums.

Mr. Hockensmith said he had been requested to discuss "Should the American Agency System Survive the Threat of the Direct Writers." This subject, he said, is a subject on which the insurance department perhaps could more wisely remain silent.

His remarks, the commissioner stated, were not intended to favor any particular company or group of companies, nor to imply that one system of operation is superior to another. Each insurer, under the American system of free enterprise, has the inherent right to choose its own method of merchandising its product and it should be permitted to put that plan into operation so long as it properly serves the public interest.

Volume Increasing

An examination, however, of property and casualty premium writings in the state over the past 10 years clearly indicates that the "captive agent companies" are increasing their volume at a much higher rate than the industry as a whole. All companies writing in Kentucky increased their premiums written during 1950 to 1960 to 94%; Allstate, however, in the same period, increased its premiums writings 368% and State Farm companies increased to 586%.

All too few companies responded to the change that was taking place in the public's buying habits and as a result a large number of companies saw their personal line writings deteriorate, noticeably in the automobile field. During the past two years those companies which found themselves at a distinct competitive disadvantage

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Conventions

Dec. 4-8, National Assn. of Insurance Commissioners, winter meeting, Adolphus Hotel, Dallas.

Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

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Jan. 31-Feb. 4, Federation of Insurance Counsel, midyear, Grand Bahama Hotel, Grand Bahama Island.

Feb. 8-9, Conference of Mutual Casualty Companies, fire & inland marine, Conrad Hilton Hotel, Chicago.

Feb. 12-14, Health Insurance Assn., group insurance forum, Drake Hotel, Chicago.

Feb. 14-16, Michigan agents, annual, Sheraton-Cadillac Hotel, Detroit.

March 13, Pittsburgh I-Day, Hilton Hotel, Pittsburgh.

March 22-23, Conference of Mutual Casualty Companies, underwriting, Conrad Hilton Hotel, Chicago.

March 27-30, Pacific Insurance & Surety Conference, annual, El Mirador Hotel, Palm Springs, Cal.

April 8-10, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

April 9-10, Ohio mutual agents, annual, Biltmore Hotel, Dayton.

April 11-13, Southern Claims Conference, annual, Sheraton-Charles Hotel, New Orleans.

April 19-20, Missouri mutual agents, annual, Governor Hotel, Jefferson City.

April 20-21, Oklahoma agents, annual, Mayo Hotel, Tulsa.

April 29-May 1, National Assn. of Insurance agents, midyear, Western Skies Hotel, Albuquerque, N. M.

April 30-May 1, New York mutual agents, annual, Hotel Syracuse, Syracuse.

May 3-4, Conference of Mutual Casualty Companies, claims, Conrad Hilton Hotel, Chicago.

May 3-5, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Du-Pont Hotel, Wilmington, Delaware.

May 6-8, Alabama agents, annual, Admiral Semmes Hotel, Mobile.

May 6-8, Iowa agents, annual, Hanford Hotel, Mason City.

May 7-9, Health Insurance Assn., annual, Denver Hilton Hotel, Denver.

May 7-11, National Assn. of Independent Adjusters, annual, Fontainebleau Hotel, Miami Beach.

May 8, Assn. of Casualty & Surety Companies, New York City.

May 13-16, New York agents, annual, Concord Hotel, Kiamesha Lake.

May 17-18, Arkansas agents, Arlington Hotel, Hot Springs.

May 17-19, Mutual agents of Virginia & D.C., annual, Thomas Jefferson Inn, Charlottesville, Va.

May 21, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 21-23, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.

May 21-25, National Fire Protection Assn., Society of Fire Protection Engineers, and Fire Marshals Assn. of North America, annuals, Sheraton Hotel, Philadelphia.

May 24, National Board of Fire Underwriters, annual, Commodore Hotel, New York.

May 24-26, National Assn. of Surety Bond Producers, annual, Broadmoor Hotel, Colorado Springs.

May 27-30, American Assn. of Managing General Agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

May 30-June 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

June 3-6, Insurance Accounting & Statistical Assn., annual, Royal York Hotel, Toronto, Canada.

June 5-8, New Hampshire agents, annual, Mt. View House, Whitefield.

June 14-16, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 17-20, Conference of Mutual Casualty Companies, management, Jackson Lake Lodge, Jackson Hole, Wyoming.

June 18-22, National Assn. of Insurance Commissioners, annual, Queen Elizabeth Hotel, Montreal.

June 20-22, Georgia agents, annual, Corsair Motel, Jekyll Island, Ga.

June 20-24, National Assn. of Public Insurance Adjusters, annual, French Lick-Sheraton Hotel, French Lick, Ind.

June 21-22, Wisconsin mutual agents, annual, Alpine Hotel, Egg Harbor.

June 24-27, Insurance Advertising Conference, annual, The Lido Hotel, Long Beach, Long Island, New York.

June 24-27, International Assn. of Health Underwriters annual, Fontainebleau Hotel, Miami Beach.

June 25-28, Virginia agents, annual, Cavalier Hotel, Virginia Beach.

July 12-14, International Assn. of Insurance Counsel, annual, Greenbrier Hotel, White Sulphur Springs, W. Va.

July 29-Aug. 4, NACCA Bar Assn., annual, Denver Hilton Hotel, Denver.

July 31-Aug. 3, Federation of Insurance Counsel, annual, Hotel Vancouver, Vancouver, B.C.

Aug. 16-18, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Aug. 19-22, West Virginia agents, annual, Greenbrier Hotel, White Sulphur Springs.

Sept. 9-12, Pennsylvania agents, annual, Pocono Manor Inn, Mount Pocono.

Sept. 10-12, Washington agents, annual, Davenport Hotel, Spokane.

Sept. 12-13, Utah agents, annual, Newhouse Hotel, Salt Lake City.

Sept. 13-14, Conference of Mutual Casualty Companies, sales & agency, Conrad Hilton Hotel, Chicago.

Oct. 15-17, National Assn. of Insurance Agents, annual, Commodore Hotel, New York City.

Oct. 18-21, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

New Unit Packages Over-All Service

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sional producers who can competently survey an insured's needs and meet them with a comprehensive program. The group's program will not cover "maintenance," but will provide insurance in depth. It will not involve payment for frills that are not needed, but will call for payment for services rendered on a necessary and competent basis.

Mr. Zuendt notes that a realistic goal for producers is one good account producing more than $5,000 a year. In five years, instead of a minimum of $25,000 in new accounts, it could be $50,000 because each risk would be growing.

How the claim operation ties into the new department is explained by Robert Huddy, claim superintendent. He notes that the group not only understands the multi-operations of big insured but can service any commercial risk on a national basis through uniformity of claims handling that has been tested over the years. Where the group has a volume of claims in a particular class, it maintains specialists in each office to cope with that line of business.

In support of the contention that the group can provide efficient handling on any commercial risk, Mr. Huddy points out that the claim operation is divided into four levels of authority and supervision: Home office claim department; regional claim department; branch claim units, and subclaim divisions. Substantial authority is vested in the field claim units. The investigator-adjuster is given draft and settlement authority which allows him in many cases to settle on the spot.

Engineering Vital

The vital importance to the new program of the engineering service is explained by John Wildman, superintendent of that unit. He notes that the commercial risk concept involves appraisal of over-all exposure and experience. In the engineering phase, this means not limited individual-line but total engineering service. This can only be accomplished by professional technicians, trained for the all inclusive job.

The challenge of the smaller type commercial risk offers growth possibilities, Mr. Wildman notes, and a smaller risk receiving the superior type of engineering aid will stay with the group during its years of expansion.

Engineers are vitally interested in the production of this class of business and can help the underwriter by presenting a plan of attack looking toward improvement of past experience. The engineers regard accident prevention as a part of production. The group's experts enlist the cooperation of the top management of a given risk and help train foremen and supervisors in the fundamentals of accident prevention and in the elements of supervision. This is based on the logic that if safety is a part of production, then supervision is a part of safety.

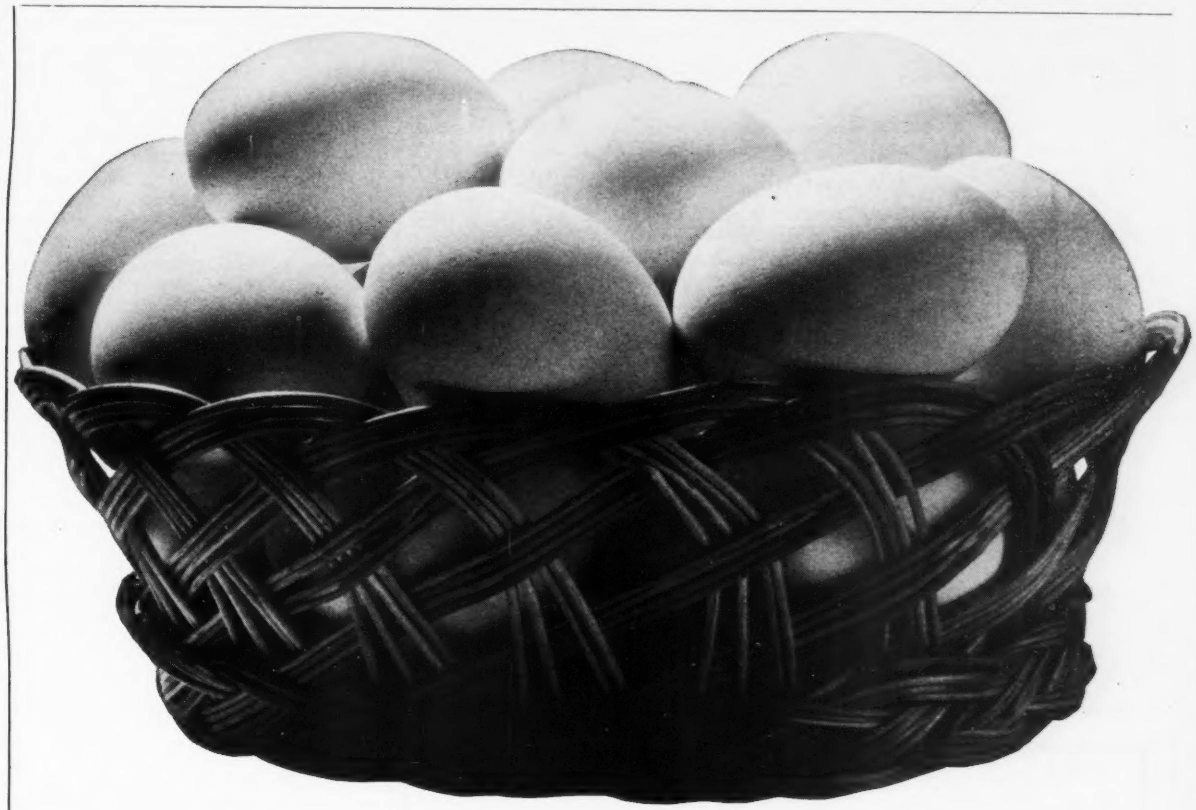
In addition to the concept of conference training, the engineering department is often concerned with other technical considerations. Among these are occupational diseases on which the group's advisory service is particularly important due to increased and extensive use of new chemicals, solvents, plastics and other synthetics. Other elements of the engineer's job include special hazards, radiation exposures, products liability and elevator and power plant coverages.

One of the group's new tools which will be used in conjunction with the commercial risk department is the new office program policy, already approved in several states and awaiting approval in others. The cover includes property and liability, and both must be bought. Coverage on buildings and on business personal property must be included when under one ownership. When this is not the case, each may be covered separately. All general liability hazards under the policy must be insured. There are many optional features in addition to standard coverages.

Rate Level 20% Less

Generally speaking, the rate level is 20% less than that for similar coverage bought separately. This does not mean that the premium cost goes down 20% from present payments. A reduction of 20% in the level means an opportunity to sell needed protection that has not been bought before. There is a chance to provide replacement cost coverage on the building by increasing the amount of insurance to 80% of replacement cost in place of 80% of actual cash value. The group cautions that producers make sure the amount of coverage on business personal property reflects current values.

The policy presents the opportunity for producers to convert a single coverage into a real account. One agent is going to wind up with the whole risk, and the group wants its agent to be that one. This principle, in fact, underlies the entire concept of the new commercial risk department.



Bureau Copyright, Gerber Report Vex NAII

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of the points raised in the Gerber report presented at Philadelphia last June in opposition to the no prior approval approach, and he made some scathing remarks about some of the opposition offered to the NAII-National Board-Assn. of Casualty & Surety Companies-Inland Marine Insurance Bureau concept of rate regulation. His address is reported separately in this issue.

Steady Growth

In each of its years, NAII has shown a steady growth in membership and prestige and importance. It attracts the chief executives of its member companies, and they, in consequence, attract hordes of persons eager to get the ear of so many executives at one time. Thus the NAII meeting is now the largest gathering at any one time of reinsurance people in the U.S. Reinsurance brokers, intermediaries, company representatives, etc., hold forth in the lobbies and in their suites from the opening to the close of the convention. A good deal of business is transacted. One of the reinsurance intermediaries described amusingly the despair of the representative of one of the U. S. companies newly in the reinsurance business. The man came to the NAII meeting expecting a few days of social pleasantry and was confronted with files of business questions that overwhelmed him.

Insurance consultants, management experts, etc., are very much on the scene, this being one of the likeliest conventions for the making of initial contacts for the currently popular activity of merger or purchase of insurance companies. NAII has a membership of more than 200 companies in the "small" class.

More than 800 insurance men registered for the Los Angeles convention. The program covered practically the full range of the important topics of the day, including competitive marketing, investment procedures, attraction of new capital, comments from the federal government side from a congressman and a Justice Department representative, the outlook for small companies, and some comments on company solvency. None of the speakers failed to do an above average job and none of them devoted himself to platitudes and generalities.

Business sessions and talks did not take up all of the registrants' time, however. Several of the reinsurance organizations had parties in their suites for invited guests, and there were two big evening social events—a banquet at the Biltmore Hotel and a dinner and dancing at the Coconut Grove. On top of that, the association sponsored a tour to Hawaii at the end of the convention for a number of members interested in sightseeing in the youngest state.

14 Departments Represented

Ordinarily, the NAII attracts a large number of insurance department people, from as many as 25 states, but this year only 14 states were represented, nine by their commissioners. It was speculated that the drop in commissioner attendance might partly be due to the fact that NAII and NAIC, since the Gerber report vote, do not have the same rapport they once had. And Los Angeles is a long way from most of the states. T. Nelson Parker of Virginia, president of NAIC, was on hand, but he was part of the program, giving a talk following that of Vestal Lemmon. Mr. Parker was well placed on the program, because he indicated in his remarks that all the problems of insurance supervision are not of the commissioners' own making, some of them arising from company actions.

Fenton A. S. Gentry, president of Southern Fire & Casualty, was succeeded as president of NAII by Robert B. Goode, chairman Allied Mutual of Des Moines and a charter member of NAII. He was secretary in 1947 and has been a member of the board of governors since 1951. Mr. Goode was with the Iowa department from 1925 to 1932 and has been with Allied Mutual since 1936, becoming chairman this year. He is a director of National Assn. of Insurance Companies.

List Vice-Presidents

The vice-presidents of NAII are Walter L. Hays, American Fire & Casualty; Preston Estep, Transit Casualty; Carl M. Russell, Meridian Mutual; John J. Nangle Jr., Utilities of St. Louis; Henry L. Moffet, Keystone; J. Michael Riley, Transport of Dallas; David Green, Motor Club of America; Paul E. Edwards, Southern Farm Bureau Casualty; T. G. Shortall, Emmco; Dwight C. Perkins, Farmers Mutual of Nebraska; C. M. Fish, Freeport; A. Grant Whitney, Belk Stores Reciprocal; Russell R. Wilson, Casualty Underwriters of St. Paul; J. M. Silvey, MFA Mutual; W. E. Howard, Kentucky Farm Bureau Mutual; and Harry W. Williams, Motor Club of Nebraska.

J. Carl Suverkrup, Wabash Fire & Casualty, is secretary; William M. Ritter, Preferred Risk of Little Rock, treasurer, and Vestal Lemmon is assistant secretary-treasurer.

The board of governors consists of Mr. Gentry and George H. Kline, Allstate; John H. Carton, Wolverine; Lewis F. Miller, Zurich; H. E. Curry, State Farm Mutual Auto; William C. Searl, Auto-Owners; Warren Nigh, Government Employees; Alfred B. Smith, Pennsylvania Threshermen & Farmers Mutual Casualty; Paul R. Erickson, Detroit Auto Inter-Insurance Exchange; C. E. Cheever, United Services Automobile; W. A. Brooks, Oregon Auto; Irving J. Maurer, Farmers Mutual Auto of Madison; H. O. Hirt, Erie Exchange; P. N. Snodgrass, General

Casualty of Madison; E. L. Lowder, Alabama Farm Bureau Mutual Casualty, and C. W. Leftwich, Nationwide Mutual.

In his message of greetings at the first general session, Commissioner F. Britton McConnell of California said he urges members of his staff to attend as many insurance meetings, such as the NAII convention, as they can so they may obtain a first hand picture of the world of insurance.

Administrative reports and the address of Commissioner Parker of Virginia occupied the first morning of the convention, and the speaker at the luncheon was Congressman Patman of Texas. One of the drawing card features of the meeting was panel session the first afternoon on "Total Marketing as Applied to Fire and Casualty Insurance." This was moderated by Frank Lang of Frank Lang Associates, New York, and his panelists were John T. Gurash, Pacific Employers; Harold G. Evans, American Casualty; Charles Hodges, American Mutual Liability, and Judson Branch, Allstate—all presidents of their companies. A report of this session will be carried next wek.

Hein Presents Data

On the second day talks were given by Prof. Richard M. Heins of the University of Wisconsin, who literally overwhelmed the audience with data on insolvencies of insurance companies dating from 1800; Baddia J. Rashid of the anti-trust division of the Department of Justice, who reviewed the status of insurance regulation as handled by the federal government and the states, and the court decisions that have affected it since enactment of public law 15; John Alsop, president Mutual of Hartford, who outlined some activities in which small companies should engage themselves if they expect to be able to continue to compete; Ellis H. Carson, president New England Reinsurance, who related the growth and prospects of the domestic reinsurance market; Roy S. Heavner of Templeton, Dobbrow & Vance, New York, whose advice concerned management of fire and casualty insurance investment portfolios, and Joseph W. Sener Jr. of John C. Legg & Co., Baltimore, who commented on the possibilities of attracting new capital to insurance.

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West Virginia has disapproved a filing by West Virginia Rating Bureau which would have applied a loss constant to rates for dwelling fire insurance. The charge proposed ranged from $3 to $9, accompanied by a reduction in the rate level. The filing also included the proposal to rate brick veneer dwellings as brick.

Top National Fire Staff To Relocate; Extra Is Declared

Following the November meeting of the board of National Fire, President E. H. Clarkson announced forthcoming administrative moves, an extra dividend to stockholders, and a Christmas bonus to employes.

Upon completion of the new Continental-National Insurance Center at 310 South Michigan Avenue, Chicago, late next summer, Mr. Clarkson and certain other members of National's executive and administrative staff will transfer to the midwest location. The move is being made in order to achieve maximum advantages from the closer integration of the operations of National Fire and its subsidiary, Transcontinental, with affiliated companies of Continental-National group—Continental Casualty, Transportation, and Continental Assurance.

R. J. Anderson

Ellis H. Clarkson

National Fire will maintain its building at 1000 Asylum Avenue in Hartford. This will continue to be the corporate seat of the company as well as headquarters of the eastern department. Directors will continue to meet at this location and membership of the board will remain the same. All eastern operations will be under the supervision of Executive Vice-president R. J. Anderson, who will remain in Hartford.

In addition to the next regular quarterly dividend of 40 cents a share, to be paid Jan. 3, 1962, to stockholders of record Dec. 15, 1961, an extra dividend of 40 cents a share will be paid December 1, 1961, to stockholders of record at the close of business November 17, 1961.

A Christmas bonus of one-half month's salary, subject to a maximum limit, to each salaried employe not a member of the board employed before Jan. 1, 1961, will be paid on or before Dec. 8. The plan also provides a bonus for other employes according to their length of service.

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Weghorn Agency Has Novel Sales Seminar

John C. Weghorn agency of New York held an orientation and sales seminar on "the business continuity concept" for approximately 40 leading producers.

The theme of the meeting was perpetuation of a business through available insurance covers. Richard J. Weghorn, the agency's life and A&S manager, explained the scope of such a program, involving physical damage policies as well as life and disability covers. He used a mythical supermarket to illustrate such a program.

Mr. Weghorn noted that the lack of business interruption protection can have a decided impact on net earnings to stockholders, in addition to its importance in other respects.

The technical features of business interrruption contracts and the simpler forms that have been made available in recent years were explained and clarified by Clem Shelton of the agency.

William Dobson, the organization's A&S specialist, emphasized the importance of salary continuance plans to modern business enterprises. He indicated the insurance plans that are available for this purpose and cited their advantages in attracting new personnel, holding veteran employes, making tax deductions possible where the employer pays the premium, and providing tax free income to the recipient of benefits. Mr. Dobson stressed the importance of not only protecting the business but the people in it who produce the profits.

Approximately 500 Nebraska Agents Elect Hansen, Honor Three Members

At the annual convention of Nebraska Assn. of Insurance Agents, Frank J. Barrett, Nebraska director of insurance, swears in the 1962 officers (from left): Raymond C. Hansen, Blair, treasurer; Jesse Benson, Wymore, president; Mr. Barrett; Donald F. Newville, Lincoln, 1st vice-president and chairman of the executive committee; Robert C. Crowl, Omaha, 2nd vice-president, and Daniel Loring, Omaha, state national director. More than 500 agents attended.

Distinguished service awards were presented to three outstanding agents. Dale F. Starr, Fairbury, was honored for leadership in his home community in forming the 17th local board of independent agents in the state. Edward Copple, Lincoln, received the award for his work in legislation. Hal A. Pierce, Ord, was honored for his contribution to his fellow members and the agency system through his efforts in combating direct writer competition and in out-selling the competition.

Among those addressing the convention were Gov. Morrisson of Nebraska and Hayne P. Glover, Greenville, N.C., vice-president of NAIA.

1,300 Attend Ind. Agents' Convention

Agents' Position Is Defended By Webb; Discusses Number Of Major Questions

Charges that independent agents' associations were taking a negative attitude toward many changes in the insurance business and were therefore, responsible for stock agency companies losing ground, were refuted at the annual meeting of the Indiana agents' association, by William E. Webb Jr., Statesville, N. C., executive committee member of National Assn. of Insurance Agents.

A Long Look First

Mr. Webb said that many speakers have advised independent agents to "take a long and hard look before we oppose such developments as no prior approval of rates, bureau membership, and such innovations as direct billing and continuous policies." Independent insurance agents, he said, have examined these innovations as contrary to good judgment and not in the best interests of the industry or or the public.

"For this action we are accused of being negative in our approach. I call to your attention that it is part of the slogan of National Assn. of Insurance Agents to 'oppose that which is bad' for the industry," he declared. "To oppose that which we consider to be bad can never truthfully be said to be negative or reactionary. On the contrary, I say to you that such opposition is not only honest but a true constructive approach."

Mr. Webb pointed out that some companies seem to have fallen victim to the fallacy that when their competition grows larger, they must of necessity grow smaller. The last decade has produced an increase in total fire and casualty volume of 118%, he noted. "During this same period of time, the fire and casualty premiums of Aetna Life group have increased 217%, Travelers group 189%, U.S.F.&G. group 206%, and many others have shown similar increases."

These groups have certainly improved their position in the over-all industry picture, he said, and yet all of these companies are operating on the agency system and "every bit of this increase was produced by men such as you with modern progressive tools and policies furnished by modern and progressive companies."

Agents Are Alarmed

The speaker also pointed out that agents are alarmed over the suggestion from Congress, as recommended in the recent report of the Senate subcommittee on anti-trust and monopoly, that "we must abandon some of our basic and fundamental principles of state rate regulation." The most disturbing factor to him in the statements of the advocators of free and unbridled competition or no prior approval of rates, he said, is that they are basing their arguments on so-called "sound economic principles"—not sound insurance principles—"and here we have a big difference."

He said that such economic principles normally apply under the free enterprise system, but there are two

(CONTINUED ON PAGE 19)

Audience Questions Department Officials

One of the panel sessions held at the annual meeting of Indiana Assn. of Insurance Agents was composed of Commissioner Harry McClain and nine members of his staff. They fielded questions from the audience concerning departmental matters. Although there were literally dozens of questions ranging over many subjects, and keeping the panelists on the job for well over an hour and a half, two of the target areas were licensing and the new homeowners rates.

McClain Defends Action

In defending his action to suspend licensing for four months, Mr. McClain observed that "there is greater dignity to this business than to let every Tom, Dick, and Harry have a license." Now license examinations are held just once a month, and of the candidates notified, 59% have appeared for the examination, and of these 46% have passed in the last six months.

The percent that pass has increased in the past couple of examinations since many of them are re-taking the exam for the third or fourth time, according to Mr. McClain. He stated that he would like to have essay type examinations, but doesn't have the staff to adminster them. Nevertheless, the department rotates several different exams and even "frisks" the candidates for answers before they stand for examination. (Previously, Indiana examinations were said to approach the farcial, if not scandalous, because of the availability of answers.)

The department estimates that there are about 18,000 to 22,000 licensed agents in the state, "still about 70% too many," even though the department has licensed fewer men in the past six months than were formerly licensed every month, said Mr. McClain. He hinted that next on the agenda might be a re-examining of all agents "in order to reduce ranks by 60% to 70%."

The rating experts doubted that homeowners rates would reduce any more and took quite a constant needling from the agents on the present situation. When asked if they didn't think dwelling fire and EC rates were excessive in light of homeowners rates, the department cited the amazingly high (71% to 90%) loss ratios of the dwelling classes.

No Booster of Franchise Plan

Michael Saldino, the department's claims investigator, told of his work in helping the public to fair settlements in disputed cases. L. D. Swisher, chief deputy, called franchised auto, liability and burglary plans "not in the public interest" and told of the department's action in rescinding such filings. Mr. McClain said the bureau had requested a conference, which will be granted, but vowed that "we will fight such filings." Throughout the entire session, Mr. McClain and his lieutenants exorted the agents to make the need for more money to run the department known to the legislators back home.

Gerber Gives Views On Changes In The Insurance Business

Joseph S. Gerber, Illinois director and chairman of NAIC executive committee, made the keynote address at the opening luncheon of the annual meeting of the Indiana agents. C. H. Haskett, Rochester, association president, presided. The speaker framed his remarks around the theme of the meeting, "Insurance And You In 1962." He first lauded Harry McClain, former executive secretary of the Indiana association and now insurance commissioner, for his "return to the ranks of regulation."

Stupendous Changes

The fire and casualty business is experiencing the most aggressive and most stupendous changes it has ever known, said Mr. Gerber. This is not only true in the fire and casualty business, he continued, but the life field is in a very definite transition period today. Actually, big changes have taken place in practically all fields of the American economy. There has been a "planned obsolence" for some time, he said, to make the public anxious to go out and buy something new.

Every American is living better and wants to live still better, but only so much can be done with a fixed salary, said Mr. Gerber. Thus, there has arisen the business phenomena of buying at discount. "This was introduced into the insurance business quietly by some of your competitors who have used it very effectively," he averred. "Now, if you are to succeed, you must realize the stock companies have a tremendous burden on them. The fire and casualty business is going through the throes of experimentation with new ideas, new concepts. Packaging is but one of them and will continue. It is a tremendous competitive weapon—an effective bargaining weapon."

Packaging may go even further, said Mr. Gerber. A&S and hospitalization and auto may very well be thrown into homeowners. Anything is possible when it can be seen developing. For instance, who ever thought fictitious group was possible? he asked.

There are some things not to lose sight of, however, he added. Even if rates are lowered to meet competition, the merchandise must not be an inferior product. Agents cannot afford to make the "grievous error of giving the public something inferior. The public will not stand for restrictive cover, cancellations, selection of underwriting, etc., at the expense of the buyer."

Where do lower rates come from then? queried Mr. Gerber. The answer lies possibly in the experience of other merchandising fields. "We'll see a number of mergers in not only companies but agencies." he declared. "There will also be some unfortunate situations if some smaller insurers who can't meet competitive forces fall by the wayside. I would regret deeply to see this, because the insolvency of an insurer is worse than that of just any other type of firm. I don't believe in the philosophy that if they can't make it, it's just too bad. Legislators of 50 states made insurance a highly regulated business just for such reasons as this. The insolvency of any insurer will leave its mark on the big insurers as well."

Traylor Inman Is President, Pruyn Goes Into Line

Full Agenda Rewards Giant Crowd Attending Rally At Indianapolis

Indiana Assn. of Insurance Agents at its 63rd annual meeting last week at the Claypool Hotel, Indianapolis, retained its reputation for huge attendance, some 1,300 persons being on hand for the two-day program. The large crowd and smoothly run affair, while not a surprise, was a credit to Ethel Black, office manager, and Charles Bayor, educational director, since Harry McClain, longtime executive secretary, is now Indiana commissioner. His planning and direction of the annual gathering in former years kept it a front runner in association affairs nationwide.

Traylor Succeeds Haskett

Traylor Inman of Boonville was elected president to succeed C. H. Haskett, Rochester, who moved up to chairman. Other officers elected include: First vice-president, Theodore M. Pruyn, Indianapolis; 2nd vice-president, William C. Harvuot, Warsaw; state national director, H. J. Gescheidler Jr., Hammond, and secretary-treasurer, George W. Mahoney Sr., Indianapolis. Both of the latter posts were reelections. John A. Templeton, Terre Haute, assumed the position of chairman of the past presidents advisory committee. Ethel Black and Charles Bayor continue in their present posts.

Featured at the heavily attended sessions were three panel sessions, one consisting of insurance department executives led by Mr. McClain another by Indiana CPCU chapter and the other by Indiana Capital Stock Insurance Assn.

CPCU Panel

The CPCUs confined their area to product and contractual liability, with Robert W. Swanson of Indianapolis as moderator. Panel members were John P. Scanlon, Muncie; Mark W. Gray, Indianapolis attorney, and Philip A. Hohman of Indiana Ins. All are active in the state chapter.

The capital stock association panel submitted itself to a "Stump the Experts" session that ranged over a wide area of coverage and rating. Marvin Simpson, London & Lancashire and association president, was moderator. His supporting cast included E. P. Ressler, Continental-National; Marshall R. Beal, Aetna fire; George L. Browning, Glens Falls; H. Joseph Wilson, Hanover; Leroy R. Postel, Hartford Fire; Charles S. Gleason, Marine Office, and John M. Coughlin, Royal-Globe.

Farm Agents' Breakfast

Also on the education side was the farm agents' breakfast, which certainly was no misnomer, getting under way at 7 a.m. Robert Estlick, Columbia City, presided and E. Ray Fosse, superintendent farm-crop hail department Continental-National, was the

speaker. Main attention was focused on the farmowners policy.

National association figures who addressed the meeting included Cooper M. Cubbedge, Jacksonville, president of NAIA; William E. Webb Jr., Statesville, N.C., a member of NAIA's executive committee, and Valmore H. Forcier, NAIA advertising coordinator. Joseph S. Gerber, Illinois director, gave the keynote address and Fred Smith of Fred Smith & Associates, Cincinnati, addressed the meeting with a colorful, inspirational message.

Mr. Forcier discussed the 1962 advertising program of the national association and showed a sound film in color which pointed up various aspects of the program. He emphasized that with a whole new segment of the population being approached in a highly successful manner by another system of marketing insurance, it is very important for the independent agents to let the buying public know that they are a "different breed of cats" from the non-agency company competition. This was done and is being done by a special symbol — the Big I. He called on all agents, large or small, to support NAIA's advertising campaign, noting that no agency — no matter how big — can win certain issues alone. The small and medium sized agency is the deciding factor. "You must support the little agencies if they are to support you."

Ladies Set Record

The number of ladies registering this year set a record, while the number of agents was about the same as last year and company registrations a bit lower. Nevertheless, there were about 300 company men on the scene, dispensing hospitality of all kinds from 70 hospitality suites.

The Evansville local board walked off with the honors at the closing luncheon, receiving both the William C. Myers local board trophy and the Herman C. Wolff achievement award. Whitley County association was awarded the Wolverine trophy for accident prevention.

A local board officers dinner was through the courtsey of American States. Pocket programs of the convention were printed by Ohio Farmers of LeRoy, O.

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Gould Featured Speaker

William C. Gould, chief of the property bureau of the New York department. will be the speaker Nov. 29 at the noon luncheon series of Insurance Society of New York in the board room of New York Board. Mr. Gould will discuss the nature and functions of his department.

Webb Defends The Agent's Position

(CONTINUED FROM PAGE 18)

areas in the economy where it has been found to be in the public interest to set aside this system of free enterprise and use some other method. "One is in the case of public utilities," he said, "and the other in the area of insurance."

He explained that if a manufacturer goes broke, no one is hurt but the manufacturer. If an insurance company goes broke, not only the stockholders but also large numbers of the public will be hurt in their inability to collect for the losses they have incurred. "Thus," he said, "it is in the public interest that an insurance company be kept in a sound and solvent position."

Removed From "Sound Economics"

In the matter of rates, he said, insurance is also removed from the basic principle of "sound economics." Congress has recognized the fact "that rates must be set on the basis of a large number of past experiences and on the presumption that if a sufficiently large number are involved, then the experience of the future should come pretty close to duplicating the past experience." Congress, therefore, in order to protect the public interest, provided that regulation of the industry should be left in the hands of the several states, he declared.

Some companies contend that the reason for their support of no prior approval law is due to the abuse on the part of state insurance departments through the holding of "hearings" and "investigations" that drag out for months before a decision is reached. These companies contend that they are prohibited from securing adequate rates and thus sustain large underwriting losses. "If this be true," he said, "and it is emphatically denied by National Assn. of Insurance Commissioners, would it not be simpler to strengthen our present prior approval laws requiring the procrastinating commissioner to render a decision within 30 to 60 days just as he is now under the subsequent disapproval feature of no prior approval law."

Another group of insurers, he said, contends that their support of the no prior approval laws is solely for competitive purposes. They contend that they should, in effect, be permitted to cut rates at will in order to get the choice business.

Skimming Off Cream

This in essence has been the real problem in recent years, he stated. The insurance industry has been departing from the principle of averaging and taking a fair share of the complete spread of risks. Through the use of deviations and cut rates, they are skimming off the cream to the point that today the average risk has been denied the necessary insurance coverage to which it is entitled. "Thus," he said, "it is apparent that such companies are no longer performing a proper public service."

Many Compulsory Coverages

In the changing economy and the increased use of installment buying, the speaker emphasized that many forms of insurance are becoming compulsory—in fact, if not by law. "I submit to you that unless we meet the needs of the public and perform the true function of the insurance technique with sound insurance principles, then we have only ourselves to blame for the catastrophe that is bound to overtake us."

All-Industry Luncheon Held Concurrently With Ind. Agents' Meet

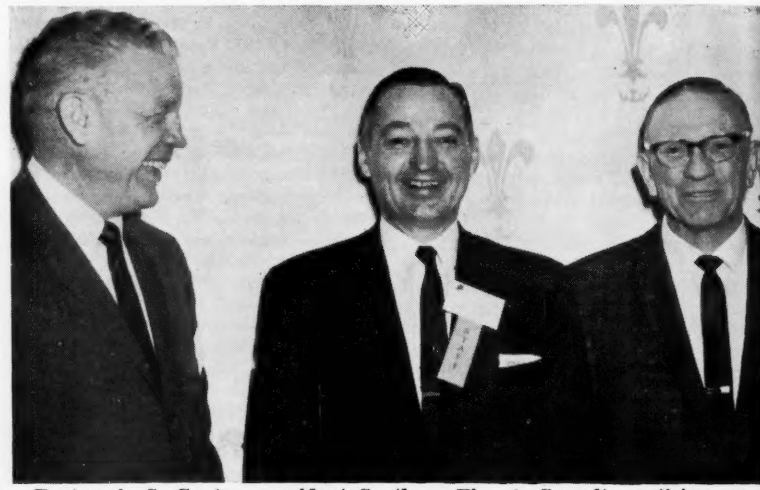
Hilbert Rust, president R. & R. Service, presented a searching talk on the challenges facing insurance men in the coming decade at the all-industry luncheon sponsored by Indiana CPCU chapter and held concurrently with the annual meeting of Indiana Assn. of Insurance Agents. The luncheon, consequently, had an attendance of some 300 persons. Although Mr. Rust beamed his talk to property insurance men, there was also a substantial turnout of CLUs, since the speaker is an officer of the local CLU chapter.

Among the challenges issued by Mr. Rust were those of attracting quality manpower to the insurance business, of providing adequate coverage, of providing a life insurance facility (including business life for the agencies themselves) and of attaining more stable competition. While his remarks were largely on the specifics of the business, he also cited the need of educating the young people of the U.S. to the basic facts of the economy tax system — "a conspicuous void in the curriculum of most of our colleges."

George V. Whitford, vice-president of Reliance, administered the conferment exercises of the new CPCUs and made a brief talk on the responsibility of continuing education in the insurance business. Charles Clifford of Grain Dealers Mutual and president of Indiana CPCU chapter, presided at the luncheon.

Camera Views Of NAII Convention

George H. Kline, general counsel of Allstate, with the company president, Judson B. Branch, and Donald P. McHugh, the new vice - president (legal) of State Farm Mutual Auto.



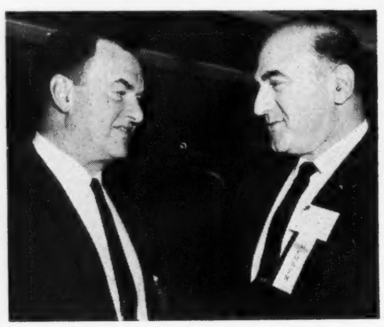
Fenton A. S. Gentry, president Southern Fire & Casualty, retiring president of National Assn. of Independent Insurers, with Vestal Lemmon, general manager of NAII, and Robert B. Goode, chairman Allied Mutual of Des Moines and new president of NAII.

Andrew J. Helmick of Stuyvesant; and Mrs. Derek L. O'Donoghue, whose husband heads D. L. O'Donoghue, reinsurance brokers of New York.

William Underwood of Munich American Reassurance and William Drew of Munich Reinsurance.

Randy Howarth of Brown Bros. Adjusters, with W. J. Hancock and George E. Moore of Allied Mutual of Des Moines, and Jack W. Watson of Watson Surplus Lines of San Francisco, and Robert R. Collins of Allied Mutual.

Hosts for Reinsurance Agency of Chicago: Vincent J. Cuddy and Charles A. Pollock Jr.



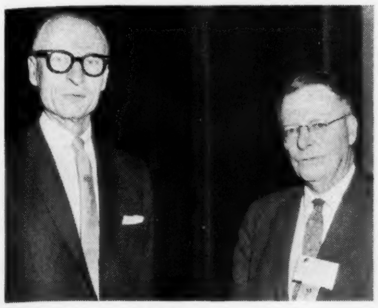
Commissioner Sam Beery of Colorado and S. M. Simon of St. Lawrence group of Chicago.

Bernard Mercer, Preferred Risk Mutual of Des Moines; Commissioner William Timmons of Iowa; Paul J. Rogan of Mortgage Guaranty Corp. of Milwaukee, former Wisconsin commissioner, and Spalding Southall, former Kentucky commissioner, the assistant general manager of NAII.

Ralph C. Lewis and W. C. Gehrlein, vice-presidents of North American Re, and Guy Fergason of Fergason Personnel, Chicago.

Anthony C. Spencer and Charles Harrington of Swett & Crawford, E. W. Gilbert of London and William Fellows of Swett & Crawford.

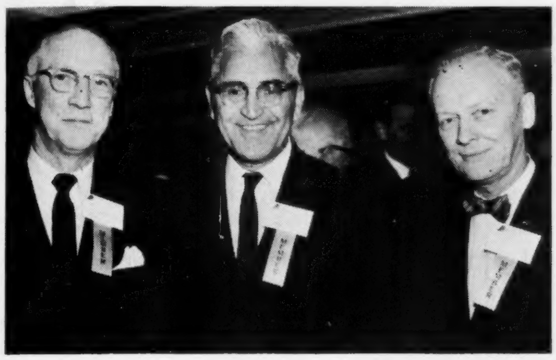
T. J. Mims, president Canal of Greenville, S. C., Commissioner Joe B. Hunt of Oklahoma, and Gordon K. Rodgers, vice-president and counsel of Canal.



Alfred J. Bohlinger of the New York law firm of Aranow, Brodsky, Bohlinger, Einhorn & Dann, former New York superintendent, with Ralph A. Bloomsburg of General Mutual of Albany.

Robert L. Neville, vice-president Watson Surplus Lines of San Francisco, and Ted Brown, head of Brown Bros. Adjusters of California.

Carl Kirk of Carl Kirk Associates, Chicago; Chase M. Smith of Lumbermen's Mutual Casualty; Thomas C. Morrill of State Farm Mutual Auto, and Roy C. McCullough of General Reinsurance.



P. N. Snodgrass, General Casualty of Madison; I. J. Maurer, Farmers Mutuals of Madison, and B. N. Henderson, Employers Reinsurance.

Reunion of three natives of Catlettsburg, Ky.—C. W. Leftwich of Nationwide Mutual, a past president of NAII; J. E. Flanery of the Kentucky department, and P. L. Thornbury of Nationwide Mutual.

A. E. Strudwick Co. representatives: J. L. King, W. H. Kern, R. F. O'Connor, A. E. Strudwick, H. A. Goetz and J. L .Schellie.

At Recording & Statistical headquarters: Dudley Allen and Wayne Feldman of R.&S.; Joseph V. Brady of Citizens Mutual Auto of Howell, Mich., and John Diffenderfer of R.&S.

Kurt Hitke, head of Kurt Hitke & Co. of Chicago and Miami, with Mrs. Hitke and Ernest Trimm, president of American Acceptance of Elgin, Ill.

Gilbert Kingan Jr. of Fester, Fothergill & Hartung; Ralph Colton, insurance consultant of Chicago; Carol Nangle and John Nangle of Utilities of St. Louis.

Harold Evans, president American Casualty, one of the speakers on the NAII program; Robert L. Morris of Munich Reinsurance, and Joseph Sargent of Transatlantic Re.

Lemmon Asks Reopening Of Rate Regulation Issue

(CONTINUED FROM PAGE 2)

the Gerber report. He said NAII is asking that the Gerber subcommittee resume its broad-scale investigation of insurance regulation "which was prematurely stalled in June."

When the call for assistance was originally sounded by the Gerber subcommittee, Mr. Lemmon pointed out it would have been easy for NAII to assume an apathetic attitude, to have come in with a sugar-coated mixture of soft music and bland generalities in the form of a "do-nothing" program.

"That approach is 100% safe—it never causes arguments—it never stirs people up—it never evokes criticism," he said, adding, "it never leads to progress, either."

But there must be progress in the science of insurance regulation just as much as in the science of insurance packaging, or underwriting, or marketing, if the business is to face up to such crucial questions as:

—Will the industry in the face of mounting losses and other inflationary factors be able to obtain adequate prices for its products and services?

—Will the smaller companies be able to achieve their "place in the sun?"

—Will the industry be capable of providing an ample market for the the rapidly expanding insurance needs of individuals and the business community?

—Will the industry be permitted to respond promptly to the constantly-accelerating pace of changes it encounters in this fast-moving age and technology?

—Will the industry be accorded sufficient room for managerial freedom and initiative to continue to motivate men of talent, vision and energy to devote their lives to it?

It will, Mr. Lemmon declared, only if it can be demonstrated to the supervisors and the lawmakers that insurance is not a monopolistic industry which requires rigid, public utility-type procedures; it is not an incompetent industry which needs a guardian or nursemaid to lead it by the hand through every twist and turn of the path; that it is not a disreputable industry run by untrustworthy scalawags.

Went All Out

In 1959, when Director Gerber's subcommittee asked for straight talk from industry in the study of state regulatory processes, NAII in an effort to be of service went all out, Mr. Lemmon said. A draft of an entire model fire and casualty rating law was circulated to the entire membership. A detailed explanatory memorandum was also prepared setting forth the purposes and objectives underlying each provision. The whole program in final form was presented to NAIC and the industry in June, 1960.

NAII was gratified with the reaction its proposal brought from many important groups. Mr. Lemmon said National Assn. of Insurance Brokers endorsed it; the stock bureau fire and casualty companies came forward with their own program which is quite close to NAII's in many points of fundamental theory; even within the ranks of the stock agents there is a considerable amount of interest and support.

"On the other hand," he said, "we were disappointed and dismayed by the attitude and the modus operandi of certain others in our business. We had invited their honest questions, their constructive criticisms, their concrete suggestions. We were ready and willing to sit down anywhere, anytime, and frankly discuss the issues involved. How, then, did our bread cast in good faith upon some of these waters return?

"It returned in the form of a concerted campaign to disparage our motives and distort our position—to plant fears and arouse emotions—to sow suspicion and reap confusion. It returned in the form of accusations or inferences that we were seeking to strip the commissioners of their regulatory authority—that we wanted to catapult our business into uncontrolled economic warfare—that we sought to bring about a death struggle between companies of different sizes.

Circulated Wild Charges

"Some of these wild charges were circulated openly. Even more, though, were spread about in an under-cover campaign of rumors and scare-talk. All were designed with one objective: To stampede folks into leaping to conclusions on the basis of conjecture and doubt—without stopping to learn the facts or even to read and understand our bill.

"The net effect of all this was to create exactly the opposite atmosphere to what we had hoped would prevail. We had looked for calm, objective intra-industry discussion of the merits and possible deficiencies of our bill and kindred proposals. What oc-

curred instead was the alignment of two adversary groups in debate before the Gerber committee primarily over one heated issue: Prior approval vs subsequent review."

Based on the presentations made to NAIC by NAII, the stock bureau companies and certain other companies and groups, Mr. Lemmon said he believed as of May that a prima facie showing had been made for the NAII position—or if not, at least there had been demonstrated a need for further critical investigation of present rate filing procedures.

Committee Action Disappointing

"The action of the committee and the NAIC at Philadelphia in June was therefore most disappointing. While the negative report adopted there was not intended to cut off further study of the basic filing procedures, the structure of the report and the circumstances and timing of its adoption carried some unfortunate overtones.

"One disturbing and somewhat puzzling aspect of the report itself was its assertion that nothing had been presented to the (Gerber) committee to show that administrative burdens would be diminished under the subsequent review procedure. In fact, the report suggests, additional staff might be required under this procedure. There is no elaboration on how this might come about."

NAIC suggests that the onus is on the proponents of the subsequent review procedure to somehow document their position still further with more "concrete information," Mr. Lemmon said. "It escapes me how we and the other proponents, as private organizations with no subpoena powers, can be expected to perform an investigatory function—a function and responsibility reposing only in the state. Our testimony and that of others has, I believe, shown a need for a real fact-finding study."

Another "deeply disturbing" part of the Philadelphia NAIC report, he said, reads: "Proponents of 'post-effective-date review' appear also to make light of problems of supervision in the interest of solvency."

Amazed With Assertion

"We were utterly amazed with this assertion," Mr. Lemmon declared. "We do not recall any testimony by any of the proponents which make light of any supervisory problems, let alone solvency. If there is any proposition which we emphasized in our testimony—expressly, unmistakably, repeatedly—it is that there should be more regulation for solvency, and less squandering of time over technical minutiae which haven't a particle to

Officials of Insurors of Tennessee at the meeting in Nashville. Seated, from left, are Jack Monroe, Johnson City, vice-president; James Alexander, McKenzie, vice-president; Arch Northington, Clarksville, chairman; E. B. Tanner, Union City, the new president; Arnold B. Curtis, Nashville, and Robert Cook, Athens, vice-presidents. Standing are George Holley, Memphis, director; Joe Bandy Jr., Nashville, secretary-treasurer; Miss Helen Herron, Jackson, the group's first lady director; Mose Waller, Lenoir City, director; Frank McGlaughon, Kingsport, state national director; Jack Davis, Columbia, and Edward L. Morgan, Dayton, directors.

do with a company's soundness.

"We pointed out to the committee that there has been every bit as much or more solvency in the states without prior approval as in those requiring prior approval; we demonstrated that prior approval laws have in fact so delayed needed rate relief on some occasions as to imperil the solvency of companies—expecially smaller companies; we urged that a file-and-use procedure would enable the industry to adjust the general rate level more promptly to cover rising losses. Can this testimony be termed making light of the solvency question?"

Definition Given

In respect to the committee's concern over the possibilities of unwarranted price-cutting, the commissioners were reminded that the homeowner rates of certain groups which many have labeled as patently inadequate were adopted in dozens of states under the prior approval procedure, Mr. Lemmon added. As a constructive and realistic approach to the problem, NAII handed the committee the first definition of "inadequate" rates which meets the question squarely—"a definition which would provide the commissioners the tools they need to stop any attempts by powerful forces to squeeze out their competitors by deliberately pricing insurance below cost. Can this be termed making light of the solvency question? I do not think so."

The Philadelphia report also raises the question of where the burden of proof rests under the no prior approval procedures. The NAII bill, Mr. Lemmon asserted, makes it plain that the burden of substantiating a filing is and always remains on the filer. If the commissioner challenges a filing, he has the responsibility of indicating in what respects he finds the filing deficient—certainly he should not be able to set rates aside out of mere personal caprice or whimsy. The commissioner having apprised the filer of his objections, the burden then remains on the filer; it must either rest on the information it has filed, and appeal to the courts, or must come forward again and substantiate its position.

"We believed our bill to be clear on this matter. However, we had told the committee that if it felt the wording of our proposal could be improved, we were open to suggestions. There was to our knowledge no burden-of-proof issue between our association and the committee. We were therefore most distressed to see one raised as a reason for a negative report on our basic recommendations."

The Philadelphia report sets forth other conclusions which indicate that major parts of the NAII program and supporting reasons were either overlooked or ignored, Mr. Lemmon stated.

"For example, the report expresses the view that sanctions would have to be provided under our proposals, to make sure that filers would not withhold pertinent information from the departments. Those who wrote the report apparently did not read section 12 of our bill, which (like section 14 of all-industry) imposes all the penalties of the act upon anyone who willfully withholds any such information.

"Again, the report voices the fear of possible abuse of the subsequent review procedure by persons who would supposedly file excessive rates to gouge the public. It suggests the idea of a mechanism for refunding of overcharges.

Cites Provision Of Bill

"Under our bill (as under all-industry) if a commissioner revokes a filing and the filer appeals from that order, the court in its discretion can require impounding of the amounts in dispute collected during the appeal. So, what the committee must have in mind is requiring refunds of portions of the premiums collected prior to the commissioner's order. Out of nine jurisdictions with statutes permitting immediate use of rates without prior review, only one (District of Columbia—casualty) has deemed this matter of enough significance to permit revocation orders to be retroactive; to our knowledge, even in that one jurisdiction, the mechanism has had little use."

Mr. Lemmon commented that an-

other objection that has been worked almost to death by the opposition—and which may have influenced some members of the Gerber committee—is the spectre of "flash filings."

"I note that even today the newly-elected executive secretary of the NAIA is touring the country, dinning into the ears of audience after audience the awesome prospect that once our bill is passed, companies will dash in with a continuous succession of filings, first at 40 cents, then 39 cents, then 38 cents, and, I guess, right on down to zero. These, he warns, will be cleverly arranged with such rapid-fire timing that as fast as the commissioner can set one aside, the next rate is flashed on him—while he stands there, completely helpless.

'Pure Hogwash'

"Anyone who reads our bill—indeed, anyone who has ever made a filing—knows this is pure hogwash. The learned spokesman for the NAIA is apparently oblivious of the most elementary principles and procedures on which companies operate. Each of you knows how much time and expense is involved in making a rate change and putting it into operation with underwriters and producers in the field. Each of you knows, too, that it would be sure-fire political suicide for a company to pursue the hot-flash approach this gentleman suggests.

"Then, too, he has completely failed to explain why none of these horrendous things have happened over the past 15 years in the nine states whose laws permit rates to be used without prior review—laws which do not even measure up to ours in terms of positive safeguards against abuse."

Refute Arguments

The Philadelphia report, too, has apparently ignored the fact that nine states now have immediate-use laws on their books, and that those laws present a living refutation of most if not all the arguments made against the NAII bill, Mr. Lemmon added. From the tone of the NAIC report, he observed, one would think the basic procedures of NAII's bill are unprecedented, untested and radical, but he said the NAII proposal is far more conservative than these nine statutes which have provided good regulation and ample public protection for at least a decade and a half.

"For these and other reasons I won't stop to enumerate, we believe it of great importance that the Gerber committee promptly resume its broad-scale investigation of the regulatory process, which was prematurely stalled in June. We have already formally requested the committee to do so. We will soon supplement that request with a detailed statement on the points raised in the Philadelphia report.

"With so much of the field unplowed, so many facets of rate regulation unexplored, so many basic questions left hanging—we do not see how the committee can do otherwise than continue a searching inquiry into all phases of the matter."

Weigh Conclusions

Mr. Lemmon said he is certain the committee will want to weigh over carefully the conclusions in the August 29 report of the U. S. Senate committee, stating that it is significant that although the majority and minority opinions in that report differ on some matters, they stand shoulder to shoulder on these basic points, among others:

—That regulation of insurance by the states is in the public interest;

—That insurance ratemaking should not be left to the devices of unbridled competition.

—That mandatory bureau membership and uniform rates are contrary to the intent of the McCarran act and are not in the public interest; and

—That healthy competition is the best regulator of rates, and the rating laws should encourage it, subject to reasonable regulation.

Aldinger Manager Of Hamilton & Co. Office

J. D. Aldinger Jr. has been appointed vice-president of H. H. Hamilton & Co., reinsurance intermediaries, and will manage the firm's New York office at 120 Wall Street. Head offices of the firm are in Atlanta.

Mr. Aldinger previously was with National Casualty as vice-president in charge of reinsurance. He began his career in 1940 with Employers Liability group. He was subsequently with Maryland Casualty, American International Underwriters, and General Re.

Voegtli Is President Of Imperial Casualty

Oscar E. Voegtli, executive vice-president and a director of Imperial Casualty of Omaha, has been named president in conjunction with the company's purchase by Standard Oil of Indiana. Also named are William E. Reynolds, vice-president; Owen A. Walters, treasurer-comptroller; Roger P. Essman, secretary, and Dorothy Shank, assistant secretary.

New directors are Lowell B. Taylor, treasurer Standard Oil; W. W. Spear, attorney at Fremont, Neb., and Mr. Reynolds.

Everest Sales Manager Of Time Of Modesto

Time Ins. of Modesto, Cal., has appointed H. D. Everest sales manager. Mr. Everest from 1952 to 1957 operated his own agency in Pasadena and later was a special agent of Houston Fire & Casualty.

Anti-Trust Attorney Describes Competitive Problem Areas

(CONTINUED FROM PAGE 7)

such business is not regulated by state law." The principal areas which remain unresolved relate to unfair trade practices occurring in more than a single state, the activities of rating bureaus, mergers, and activities of insurance companies in foreign trade and commerce.

Great responsibility rests upon the state insurance departments in their supervision over rating bureaus, Mr. Rashid said. "They must make sure, first of all, that the delegation of power to private rating bureaus is not so extensive as to be invalid on constitutional grounds. Secondly, they must be on guard that out-of-state rating bureaus are properly licensed and administered within their own states, for the adoption of rates or other joint insurance practices in a state in which it has not filed as a rating bureau may fall within the anti-trust laws. Finally they must constantly review the activities of these rating bureaus to prevent acts of coercion, intimidation and boycott, if federal regulation is to be avoided."

Much Interest In Mergers

Current merger activity in the insurance field is receiving an increasing amount of attention because such activity has a major impact on the competitive structure of the economy. Mr Rashid said that there appears to remain in this area of regulation dual state and federal responsibility, the lines of which have not yet been clearly delineated. Various problems still remain unresolved. For example, can a state make its laws applicable to a merger which has anti-competitive consequences beyond the border of that state? Similarly, does the federal government have jurisdiction over an insurance merger between two companies in State A and State B, which have approved the merger, where the anti-competitive effects are not felt in the domiciliary states, but where the competitive situation might be quite seriously affected in a foreign state where the companies do business and where there is no state regulation? The answers to these questions will have to await actual court litigation.

The most significant area of insurance regulation which remains unresolved concerns the operations of rating bureaus under state rating laws, Mr. Rashid said. Recent attempts by some states, either by legislation or administrative action, to require uniformity in rates, have caused widespread reaction among those who advocate competitive pricing in insurance, he noted.

Only Effective Means

In states which permit rate deviations, this is the only effective means of rate competition which remains, Mr. Rashid observed, commenting that this avenue is becoming less and less desirable. Legislation in many states specifies that every member of or subscriber to a rating organization shall adhere to the rate filings made on its behalf by such organization, except that any such insurer may make written application to the commissioner for permission to file a deviation. However, the regulations also provide that any would-be deviator must notify the rating organization which is entitled to a hearing on whether the deviation should be allowed. And, even if the deviator surmounts this hurdle, rate is made effective only for a year, at the end of which he may have to begin the process anew. The upshot is that any insurer that wishes to compete ratewise may face practical difficulties. North Carolin has gone even further to reject completely any element of competition in automobile liability insurance by permitting no deviations from the rates filed by the rating bureau.

"I cannot, of course, express any opinion on the validity of specific state laws," Mr. Rashid said. But he added, "To the extent, however, that any state law seeks to impose strict uniformity on the insurance industry and restricts or eliminates independent action in rates, to that extent one of the purposes of the McCarran act—to preserve competition in the industry—becomes undermined."

Peckham Succeeds Parker For Hartford Fire In S.D.

Hartford Fire has named Francis H. Peckham manager of the Sioux Falls, S. D., live stock transit department to succeed Albert C. Parker, retired. Mr. Peckham joined the company at Sioux Falls in his present unit in 1937. Mr. Parker has been manager of the department since joining the company in 1920

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Brown Brothers Promotes

Brown Brothers Adjusters has raised Donald Opperman from adjuster at San Jose to adjuster in charge of the Ventura, Cal., office. He joined the company in 1959 and before that had been an adjuster of Industrial Indemnity.

Donald Batman, staff adjuster, will assist Mr. Opperman. He also started with the company in 1959.

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Massey, Weismantel Join

Herbert C. Massey and John A. Weismantel, Baltimore independent adjusters, have formed a partnership under the name of Massey Inc., with offices at 40-A East 25th Street. It will cover Maryland, Delaware, and District of Columbia, and will handle all lines.

Offers NAII Data On Insurer Insolvency

(CONTINUED FROM PAGE 7)

adequate rates as such should not be included.

In general, Mr. Heins said, there are two main causes of insolvency—management malfeasance, and management inadequacy. The former produces about 20% of insolvencies, the latter 80%.

Can't Preclude Dishonesty

Specific acts of management dishonesty or immorality can't be prevented beforehand, Mr. Heins observed. Legislation or rules won't cause a man to decide not to be dishonest or not to do something wrong. But in the 80% of the cases of company liquidation caused by lack of management skill, correction can be made if the trouble is discovered in time. "In time," Mr. Heins emphasized, is the important factor here.

Management inadequacy leading to liquidation falls in such fields as poor underwriting; poor record keeping; excessive expenses; poor collection policy; bad investments, or loss of premium volume. It may seem obvious in such situations to raise rates and change underwriting standards, but Mr. Heins said these remedies often only hasten the crash. More appropriately, expenses should be reduced and management itself rehabilitated.

A third cause of company failure is severe economic depression or inflation. This problem cannot be ascribed to the insurance industry.

Lists Seven Methods

Seven main methods of discovery of insurance company disaster have been found by the University of Wisconsin. They are:

—Voluntary admission by management of difficulty. By the time management admits it is in trouble, however, it is too late to do anything to help it, Mr. Heins remarked. The only solution is liquidation.

—Excessive complaints to insurance departments by insured or claimants often furnish a clue to deep financial trouble.

—Wholesale cancellations by brokers or agents of the business of a particular company indicate distrust of the company's future.

—Rumors among other financial institutions about the ability of an insurer to obtain credit.

—Routine examinations by insurance departments.

—Special examinations designed either to confirm or deny rumors about a company's condition.

—Cancellation of an insurer's reinsurance.

It takes an average of 11½ years to liquidate an insurance company, Mr. Heins reported.

Among his conclusions, Mr. Heins commented that insurer insolvency is a natural and expected result of the private enterprise system, the survival of the best. But, he added, the public shouldn't be forced to pay higher rates in order to subsidize poorly managed companies. This is the dilemma of the regulators—to allow the maximum benefits of competition while controlling the evils insolvencies of companies perpetrate.

Slight Increase In Insolvencies

The history of insolvencies shows they occur at a variable rate, Mr. Heins said, and they are now slightly on the increase. Fire and casualty companies currently are failing at a rate three times higher than life.

The cause of insolvency is primarily human error, either intentional or otherwise, but there are certain environmental causes beyond management or government control.

He said improvement is needed in the discovery procedure, and better techniques are called for in the liquidation procedure Also, a means of relieving policyholders and claimants during a liquidation would be helpful. State guaranty funds or deposits, Mr. Heins said, have proved to be only a partial answer to insolvency losses.

May Reprint Fire Rate Book

The supply of Casualty Actuarial Society's educational publication, "Fire Insurance Rate Making and Kindred Problems," has been exhausted. The society is contemplating an additional printing of the book, which is priced at $5, if there is a sufficient demand. Orders should be directed to A. Z. Skelding, secretary-treasurer Casualty Actuarial Society, 200 East 42nd Street, New York 17.

Cries Of Chaos Due To Ignorance Of Ratemaking

(CONTINUED FROM PAGE 2)

there must be standard forms for coverage.

5. Having based its practices upon sound forms and soundly determined classified pure premiums, the business can engage in fair and healthy competition in the fields of marketing and administrative efficiency and service. In this climate the best will be successful and the worst will risk failure, but for the long run an insurance business in which the public can have confidence should thrive.

In today's market, the line of insurance most nearly conducting its affairs ir accord with his recommendations seems to be workmen's compensation, where there is a highly refined class system, almost universal concerted ratemaking for the proper establishment of inherent hazard, and standardized policy forms, but where the price differences created by different marketing methods have long been well recognized, Mr. Leslie said.

Basic Premises Overlooked

Proceeding to his clarification of rate making in concert, Mr. Leslie said that it seems not only to be misunderstood badly in some places, but that its basic premises are being conveniently overlooked.

There seems to be clear evidence that the very fundamental economic function being performed by insurance has been forgotten. Insurance arises out of and is a necessary part of the economic enterprise of a free people. It has an inherent nature—related to the needs of that economy—which cannot be altered without the prior alteration of the economy itself.

Given the manner in which property is owned, livelihoods are earned, and family financial responsibilities are fixed, then the nature of the insurance business is established, and there is no law which any Congress or any legislature can pass to alter or obliterate that nature, Mr. Leslie declared. There is no decision which any court can hand down which can change that nature. There is no ruling that any administrator may make or any opinion which any Senator may utter which can transform the inherent nature of the insurance business. Finally, and far more important, there is no way whatsoever for the management of any insuring unit successfully to operate contrary to this natural aspect of the business for any appreciable length of time.

Defines Risk

Everyone knows that insurance has to do with risk, and specifically with the transference of risk, but what seems to have been forgotten is that the insurance does not create the risk; except in a most limited sense it does not in any way affect the risk, and in any and all events it does not "manufacture" or produce the risk.

Mr. Leslie gave a simplified example. A certain house has a certain risk of burning. This risk of burning will be different from that of other kinds of houses burning, due to many factors. But the difference in risk will not be due to where the insurance is placed. The house's risk of burning was generated when the house itself was built and it is entirely related to the existence of the house. The risk of burning would be there whether there was insurance or not. Using the proper sort of yardstick, a measurement of that risk can be made, and two different people making that measurement properly will come up with the same quantity of risk as being one of the inherent characteristics of that house. While the methods may be more difficult to apply, this is no more difficult a concept than that "a pound of butter is a pound of butter no matter who weighs it," Mr. Leslie observed.

"If, therefore, the quantity of risk to be transferred is an inherent natural aspect of the house, how can anyone believe that competition among insurers can change that risk?" he inquired.

Cites Fallacy

Many things being said and done today make it appear that this fact of risk is being overlooked. In New York, for example, in the important WC line, the experience of a particular insurer was sought to be eliminated from the total experience being used to determine the average of all compensation risks in the state. It was asserted that the rates, including the experience of this one insurer, would be excessive if used by other companies.

This carries the necessary implication that, given accurate accounting practices, the workmen of a particular employer would either be injured more often or more severely if they were insured with one insurer rather than with another. The charge of poor safety service or poor claim service, which might conceivably have affected employer or employe attitudes to the point where some difference in experience could be explained, was never alleged. There was simply left hanging the inaccurate impression that rates were made for insurance companies when in fact they are made for risks, Mr. Leslie maintained.

Measuring Risk

"A more frequently heard area in which basic misunderstanding seems continually to crop up is a preoccupation in some quarters with the idea that, depending on how efficient and competitive they are, different insurers will measure the same risk and come up with different answers, with presumably the more efficient one of the two coming up with a lesser answer. This is not only an error, but a very dangerous one, Mr. Leslie said. He pointed out that it has in the past led to failures of insurance companies and it will again in the future. He recalled that the failure of an insurer, like the failure of a bank, affects many more people than merely the management and the stockholders.

Mr. Leslie posed questions on how risk is properly to be measured and what, if anything, the proper measurement of risk has to do with ratemaking in concert. The measurement of risk is just exactly what actuarial science is all about, he said. He put forth the proposition that ratemaking in concert is an inherent necessity of the proper operation of the insurance business. It stems from the nature of risk itself, which in turn is something that exists wholly apart from the insurance business. He further suggested that since ratemaking in concert is related to the inherent nature of the insurance transaction and is totally unlike any cost measurement in any other economic transaction, that the anti-trust laws were never intended to and

should never have been made to apply to insurance.

"I am not saying that the business does not require regulations and indeed some degree of supervision in order to make certain that it is being carried on in an accurate and equitable way, but I am saying that the concept that lies behind the Sherman act cannot be made to apply to ratemaking in concert in the insurance business," Mr. Leslie declared.

In order to determine the amount of risk which any particular object presents, it may be necessary to look at the record of a great many similar objects over some considerable period of time, Mr. Leslie pointed out. He said that in respect of other objects and other ways in which financial loss may show up, it may be necessary to observe different numbers of events at different periods of time.

"With respect to certain hazards, it is thus conceivable that a single insurer may annually be presented with enough instances to be able to determine reasonably closely what the inherent risk is. In other cases, only the combination of the results available to many insurers can possibly give a suitable answer. In either case, however, since what will be measured is an inherent characteristic of the object which had the risk, it will not only be reasonable but necessary that all insurers accord that risk the same measurement. It is the same."

It will be dangerous to the insuring public should any insurer or group of insurers depart from that mark either upward or downward. The establishment of this common market among great numbers of insurers, therefore, while due in part to their need to combine experience in order to find the truth, is just as importantly due to the need that, once having found the measure of the risk, they each must recognize the same measure in their respective insurance transactions. Ratemaking in concert in the insurance business comes about not only because generally many losses need to be observed before the inherent hazard can be measured, but also because once the inherent hazard has been measured it is the same for every insurer.

The problem of competitive chaos, of course, may still exist even when all of these factors about the nature of risk are understood, believed and followed, Mr. Leslie said. When the risk has been transferred to an insurance company it will be necessary to charge over and above the cost of the risk itself—known to be the same for all when properly measured—an amount sufficient to cover the costs of the transfer: The expense of operating the insurance business. As matters stand today, through dividends of participating companies or deviations on the part of non-participating companies, or both, cost differences relating to different ways of handling the insurance transaction can be and are introduced into the ratemaking system by companies otherwise joined in ratemaking in concert. Certainly such ratemaking cannot and should not rule out these differences. Most ratemaking organizations have always understood this quite well and have patterned their operations in a realistic fashion to account for differences on the expense side of the premium dollar, Mr. Leslie explained.

Amer. Casualty Raises Hollub

American Casualty has appointed John Hollub regional ocean marine supervisor at San Francisco. He will supervise marine operations on the west coast.

American F.&C. Opens Agents' Schoolhouse

American Fire & Casualty's school for agents, previously housed in the home office at Orlando, Fla., now has its own building next to the 6-story head office. The "little red schoolhouse," which is red and has a bell on top, has just been dedicated. When Walter L. Hays, president of the company, started it in 1945, it was the first accredited insurance school in Florida. Since then it has been used as a model by other states.

The dedication ceremonies were directed by Harold E. Marsolf, vice-president in charge of education. Attending were Mayor Carr of Orlando, Tobe Bass, deputy insurance commissioner, agents, officers and department heads of the company, the current graduating class of the school, and many agents who had attended the school. The building was dedicated to Mr. Hays.

Alumni Meet

That evening, 50 alumni of the school attended the annual meeting of the alumni association in Orlando. Harold M. Webb of Jacksonville was elected president, Earl F. Croley of Dade City, vice-president, Mrs. Louise Hettinger of St. Cloud, secretary, and Kern McIlhenny of Orlando treasurer.

Mr. Marsolf was emcee at the annual banquet. Darrell G. Haass, executive vice-president, and Harold L. Pickett, director of agencies of the American Pioneer Life, American F. & C. subsidiary, outlined plans for providing agents of the parent company with life facilities.

James M. Rossman of Palmetto, president of the graduating class, spoke. Calvin W. Nivens of Birmingham, Ala., was presented a cup as the best speaker of the class. David Pichard of the Florida insurance department was a guest.

K.C. CPCUs Elect Seitz

W. F. Seitz, vice-president Kansas City F. & M., has been elected president of the Kansas City chapter of CPCU. Other officers elected: R. A. Franklin, Harold M. Franklin agency, vice-president; R. A. Koenigsdorf, Koenigsdorf agency, secretary, and George Honk, Ohio Casualty, treasurer.

L. A. Fire Losses To Reach $24 Million

(CONTINUED FROM PAGE 1)

the ashes from the fires. According to the Los Angeles Times, whose financial editor, Robert F. Nichols, wrote a two-article series laying to rest some of the more damaging fallacies, reports began circulating that losses would be so great that the insurance companies would immediately hike fire protection rates throughout Los Angeles and southern California; they would forthwith refuse to insure any more homes or personal property in canyon or foothill areas and plans were being made to cancel any and all existing policies in the canyon areas not yet devasted by the current fires.

Rumors Were Circulating

Mr. Nichols, who pointed out in his articles that such rumors were being circulated not only in bars and on streetcorners, but through some of the news media, ably laid to rest these untruths with authoritative facts and figures from the fire and casualty insurance industry.

Fire rates in the brush fire areas of Los Angeles and Ventura Counties were increased substantially in July of this year by Pacific Fire Rating Bureau, but the increased premiums, accompanied by surcharges, can be eliminated by dwelling owners who provide space free of brush around the dwelling or other insured buildings. The amount of clear space and the regular fire protection in the area of the home determines the amount of premium reduction. Some 15,000 homes are involved.

A bureau statement in connection with the change said it is "unfair to pass along to the other dwelling owners the disproportionate losses that have been and will be suffered by residents of those areas which experience has shown are so subject to conflagration."

The surcharges vary by available fire protection. A house insured for $20,000, for instance, with less than 30 feet of clear space (free of brush) would pay from $100 with the best local fire protection to $320 extra annually for no local protection; 60 feet of clear space would reduce the $100 surcharge to $50, but in areas where there is no local fire protection, it takes 300 feet to cut the surcharge in half, 500 feet to eliminate it.

First-Hand Experience

Two retired Chicago insurance men had first-hand experience with the Nov. 6 fire. Moulton B. Goff, former manager at Chicago and Los Angeles of Employers Mutuals of Wausau, lost his home in the conflagration, and Freeman C. Read, former manager of Royal Exchange group, who resides at Pacific Palisades, saw homes all around his destroyed, but Mr. Read's escaped.

Banning of wood shingle roofs on future construction in all of Los Angeles County is one of nine major fire safety measures adopted for study by the county's board of supervisors last week. It would be part of a $6,582,400 10 year plan for watershed fire protection facilities. The Red Cedar shingle industry opposed the resolution, asserting that not over 5% of spreading or exposure fires are attributed to wood shingles. This was not the case in the skip-and-jump 456 dwelling conflagration in the Los Angeles fire Nov. 6-9.

At the same time, four recommendations of safety measures were introduced to the Los Angeles city council, the first also tabooing wood shingle roofs. This read: " No building permit be issued unless roofs are constructed of non-combustible materials. The resolutions also called for special fire zones in the mountain areas, additional water pumping stations in all hillside areas, and that fire department mountain patrols be equipped with portable pumping units with irrigation type sprinklers capable of throwing a stream of water 400 feet."

Well meaning and frenzied citizens came up with a variety of suggestions for fire protection, an aftermath to the disaster. One such suggestion published by a leading newspaper without comment called for impounding sea water in huge reservoirs scattered among the mountains and hills.

Fires numbers four and five of a November series occurred the 17th and 18th, upsetting the established pattern of "Monday Firedays," which had prevailed for three weeks. Five borate bombers and 250 men squelched the Nov. 17 fire above Arcadia, which charred 12 acres in almost inaccessible terrain. There had been a half-acre fire in the Hollywood Hills earlier in the day.

A brush fire of incendiary origin Nov. 18 near Azuza took two borate bombers and 150 firemen to the scene after burning more than three acres.

There was virtually no damage to homes from the latter fires.

Grain Dealers Mutual Elects Cook President

D. Clay Cook, vice-president and western manager at Omaha of Grain Dealers Mutual of Indianapolis, has been elected president of the company to succeed the late Joseph H. Bowen.

D. C. Cook

Mr. Cook joined Grain Dealers Mutual in 1922 as a field man in the mill and elevator department at Indianapolis. He became special agent in New York and New England when the company began writing general business lines through local agents and for 15 years supervised agency development in the eastern states. In 1947 he was appointed western manager at Omaha. He was elected as a director in 1953.

Robert N. Coffey has been appointed the new western manager at Omaha.

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Continental Casualty Appoints Leo Anderson Public Relations Director

Continental Casualty has appointed Leo H. Anderson public relations director.

L. H. Anderson

Mr. Anderson, who officially assumes his new post Nov. 27, has been with the company since 1956. He was formerly advertising art director.

New Ohio Handbook

A new Underwriters Handbook of Ohio has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies. companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Ohio Handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50 each.

Ill. Mutual Agents Reelect Ira Johnson

(CONTINUED FROM PAGE 2)

rates, forms, and commissions arise. Companies must train their employes better. They must reduce the amount of red tape now engulfing their agents' offices. They must standardize their forms. What is the reason for the enormous difference in not only the content but the very size of different companies' forms?

Agents, too, have their obligations. How long has it been since the average agent sold a policy? Did he actually sell the policy, or did he merely take the order over the phone? If the agent becomes only an order taker, it is safe to assume that he won't have that business for long—he'll lose it as soon as the client finds some cheaper insurance elsewhere.

It is time, Mr. Spencer said, for the agent to stop asking why the companies aren't doing more for him and get out and start doing something for himself—like selling, for instance. Some agents want their companies to handle and pay for all their advertising. These agents might just as well sign a captive agent's contract.

Mr. Spencer concluded by stating that agents and companies must cooperate so that the industry's dignity is enhanced—and one sure way of achieving more dignity is by tightening the agent's qualification law.

Vranicar Makes Presentation

Indicating the kind of affection the members of the association hold for Mr. Spencer, Frank E. Vranicar, Joliet, asked for the floor following Mr. Spencer's address and presented him with two bottles of wine he personally had imported from his place of birth, Slovenia—now a state of Yugoslavia. (Mr. Vranicar, it will be remembered, won two bottles of champagne as an attendance prize at the Detroit meeting.)

Certainly a high point of the convention was the afternoon of round table discussions. The entire attendance was split up into groups of 12 and each was assigned a specific topic: Advertising, credit, personnel, premium collection, agency expense, sales techniques, direct writer competition and claims. The agents were then requested to write down exactly how their own agencies handle these various, everyday problems. The solutions, or suggestions, ran as follows:

Collection problems. Policies should be mailed or delivered with the invoice attached. Use a rubber stamp diagonally across the invoice with the words "Payable within 30 days." A 10-pay plan is possible, but no premium of less than $50 should be financed. A service charge should always be affixed—but do not make this too high; the idea is to clear the accounts receivable items, not make money on the service charge. Print invoices with "Premium is due before effective date of policy." Include a return envelope with invoice.

New Business Noted

Securing new business. A consistent advertising program is essential. Newspapers are a good media, but except in small towns are rather expensive. Coupons in papers, however, don't seem to work too well. Direct mail remains the cheapest and most effective way. It is important to keep one's name in front of the public. Join local clubs and work in them. Submit articles to the local papers; become known as an insurance expert.

Renewals. Personal contact is the single most important factor. Delivering the renewal in person not only cements the agent-client relationship, but makes it easier to suggest additional coverages and increased limits. When an agent's volume becomes too large for this sort of personal treatment, at least include a personal note in long-hand to the customer. Review at the time of renewal the client's entire file and check to see if he is underinsured in some area.

More Revenue

Additional revenue for the agency. Real estate, license plate service, etc., helps—but none of this may be necessary if the agent sells his basic commodity—insurance. Premium financing adds a few dollars. Mutual funds can help. One agent, perhaps facetiously, said if it weren't for his morning paper route he would have some mighty slim weeks.

Substandard business. Most agents don't even write this; ship it right to assigned risk pool. Low commission and high degree of work involved scares off most agents. Another agent said, however, this type of business shouldn't be ignored; there is plenty of it around and much more in prospect, what with companies continually refining their underwriting requirements. It hurts the agent with his client if he doesn't give a good customer's class two risk his entire effort. One agent charges a flat $5 fee for handling substandard.

Other subjects included the reducing of office expense (utilize more machines, merge more agencies, use machine accounting); claims matters (most feel they should have the authority to issue drafts under $100); and where to acquire help on insurance problems (company field men, company publications, trade journals).

Frank Kreuz, field man for Employers Mutual Casualty of Des Moines, who received an award at the annual banquet for his work on behalf of the association, had a few words regarding what is new in the business.

Mr. Kreuz said that even more important than what is new is where you can find out about it. He suggested subscribing and systematically reading insurance journals and periodicals. Sooner or later, what happens in other states will affect Illinois. The inattention of both agents and companies is what led to Standard Oil selling insurance through credit cards; an aware and alert industry would not have let this come about, since it is fairly certain that the oil company entered the highly complex insurance business only because it felt that many people were simply not being sold A&S coverage.

Aiming For 400 Members

Making an informal presidential report at the business meeting, Mr. Johnson said that the association, now boasting a membership of more than 300, is aiming for a total of 400 by next year's convention. Such an enrollment would be easy if every member participated in the drive.

The time to see legislators about legislation is before congressional sessions are convened, Mr. Johnson suggested. And along this line, the association may soon be calling on its members for more work. If members have suggestions on this or any subject, the association is always happy to hear from them; an active membership is the life blood of any associa-

tion.

At the same session, Harold Price, the association's able and hard-working executive secretary, who at one point in the convention was given a well-deserved and loud round of applause, gave the report of the association's legislative chairman, Albert L. Casper, Springfield, who was ill.

Mr. Price reported that the association got its "feet wet" during the last general legislative session, and sitting in on a number of hearings on insurance commissions it became apparent to him that the other side had the pressure. He said it was essential that the association develop its own pressure. The association worked with the state's stock association on the matter of licensing requirements for agents, but got nowhere. The anti-coercion bill didn't get very far, either, but as the association grows larger its effectiveness will increase accordingly.

W. Crawford Tucker, of the Varland agency in Rockford, discussed briefly the relationship between the local association and the agent. He said the question should not be "What can the association do for me?" but rather, "What can I do for the association?" The association can't sell anyone's policies for them, but it can help to the extent that education helps. Agents must realize, however, that the direct writers are not going to disappear; and it won't, accordingly, do any good to persist in knocking them.

B. Fred Riechers, assistant director of agencies Prudential, made a strong plea for the agents to have life insurance among their agencies' coverages. He said one objection to life insurance is that it is too complex; this, however, is no longer a problem since many life companies offer a service whereby their representatives will sell this insurance for the agent. All that is necessary is for the agent to provide leads; the life company's man does the rest—and the agent gets the commission.

Robert Wray, vice-president in charge of personnel Iowa National Mutual, gave a talk on selecting (and holding) personnel. He said agents are good at making known their insurance wants; they should make an equal effort toward making known their personnel wants. Employment agencies can be of great assistance, but they must know exactly what the agent is looking for.

It would be an error for the agent to turn anyone down on so-called "face" value, Mr. Wray suggested. Check, rather, on everything about the individual; and not only his education and work backrgounds—visit his wife. The agency is hiring more than just a man; it is, to some extent, hiring the man's entire family.

Ill. Mutual Agents Officers

Officers of Illinois Assn. of Mutual Insurance Agents: Harold Price, executive secretary; Dorothy Miller, Mt. Morris, secretary-treasurer; Ira C. Johnson, Aurora, president, and Wayne E. Varland, Rockford, vice-president. Messrs. Johnson and Varland were reelected to their posts.

Tests, too, are important, being a good indication of an individual's attitude, abilities and personality. It is important, though, to avoid norms—the agent must keep in mind the man who drowned wading into a body of water he was assured had an average depth of six inches.

The latter part of the final day's afternoon was devoted to a panel which offered to answer any questions the agents might have. Moderated, as were all convention sessions by the witty and astute Mr. Deery, the panel consisted of Dale Fry, Chicago manager Employers Mutual Casualty; Wendel Porter, Mutual Claims Service; Dean Lyman, agent at DeKalb; Vere Walrod, Iowa National Mutual, and William Watson, legislative department American Mutual Insurance Alliance.

Mr. Fry assayed to answer a question regarding the merit auto plan's degree of success, although such bravery was beyond the call of duty since his own company does not utilize this plan. He said it is his understanding that the experience of most companies during the first three quarters of the year with this plan have been successful; results are in the black. Other companies, however, aren't too happy with their results and are in the process of revising their approach.

Mr. Walrod, in answer to a question inquiring as to why the companies don't get together on the various homeowners rates, said that to a certain extent they do through the use of their bureaus, associations, etc. However, he stated, it must be understood that the "giants" of the industry are, quite frankly, attempting to drive out the smaller companies by pushing the rates to the point where the smaller companies can no longer afford to write certain coverages.

Mr. Watson also contributed to this subject, and said that Director Gerber is not unaware of the problem and is doing all he can to combat it. Mr. Watson also said, parenthetically, that Mr. Gerber is the finest insurance commissioner in the country—and this statement drew a round of applause.

Other points made by the panel: The value of engineering cannot be over-emphasized especially with regard to workmen's compensation risks—work done in this area invariably spills over into other areas, thus improving loss ratios all around (Mr. Fry); too many agents are not advising their clients on a policy's limitations; a company will usually pay for the true borderline cases but it cannot be expected to pay for those losses clearly excluded (Mr. Porter); although the mutual insurance business has, at the moment, nothing comparable to the stock companies' American Foreign Insurance Assn., American Mutual Insurance Alliance has for some three years been investigating this productive field (Mr. Watson).

Harold J. Bogard, Mattoon, the association's ex-officio photographer, was once again his active self; indeed, The National Underwriter is indebted to him for the photograph of the new officers included on this page.

Hospitality suites at the meeting were limited in quantity, but their quality equalled any thing seen on the national level. Among those discovered by this intrepid reporter were Michigan Mutual Liability, Lumbermens Mutual of Mansfield, and Iowa Hardware Mutual.

Editorial Comment

Where New Agents Come From

From time to time we get from insurance departments or other sources a list of new agent licensees. Georgia Assn. of Insurance Agents gets out such a list from time to time, based on information furnished by the department in that state. This list carries in addition to the name of the new agent and the name of the company or general agency appointing him, the "other occupation" of the newcomer into the fire and casualty production ranks.

The latest list from Georgia includes among other occupations mortgage and investment company, small loan firm, realtor, railroad, insurance company, post office, office supply company, boys club, police department, office supplies, bus company, state department of agriculture, a granite company, grocery, textile corporation, life company, student, "farmer and groceryman," poultryman, credit association, market and home builder.

Fewer than 15% of those appointed report no other occupation so that it could be assumed that many were going into the insurance business full time.—K.O.F.

A Gain For Both Companies

One of the technicalities of the insurance stock market—a subject which doesn't seem particularly close to the business of operating insurance companies—becomes a vital question when fire and life companies get together through acquisitions. This is the matter of the relation between market value and "equity" or liquidating value.

Equity value takes capital and surplus and adds to it an estimated worth of insurance on the books. The marketplace values insurance companies in a great range of prices above or below that inherent value. In recent years the life market has been extremely strong. It is not unusual to find life company shares going for three or four times their liquidating value. The great majority of fire company stocks have been selling at a discount.

While these facts would appear to be of no interest to anyone but a trader in insurance stock, the collective thinking of the market does become important when life companies try to acquire fire companies, or vice versa. These acquisitions are commonly accomplished through an issue of new stock followed by an exchange of the new stock for that of the acquired company.

Suppose a fire company is buying a life company: The fire stock might typically be selling a little below liquidating value—but the life company, unless it is very young or very static—is likely to be selling for twice or three times its own equity value and perhaps 20 or 30 times earnings.

This means that after the fire company has issued and exchanged stock to obtain the life company, the resultant equity values per share in the new combine will be less than the net worth and investment income of the fire company alone.

For this reason more than any other, the so-called discount fire companies have not been buying small, well managed life companies. However, life company stockholders would have an opportunity to increase sharply their income by accepting an exchange of stock that might not look exciting from a present market value standpoint. This they would do on a taxfree basis. And they would have a good chance of capital appreciation if and when the fire company shares responded in the market to improved underwriting results in recent months. The present strong market for fire-casualty issues indicates how strong such a response may be.

It is interesting that combines like Travelers and Aetna Life have not sold at price-earnings ratios as high as those of life-only companies. That would suggest that although the equity and earning power of the life company buying a fire subsidiary would increase, the market value might go down, at least temporarily. This was brought out by the drop in Connecticut General stock the day after the Aetna Fire acquisition was announced.

The Connecticut General-Aetna Fire combination becomes an intriguing study in this regard. Connecticut General has sold in recent years at a good premium, and Aetna Fire until recently has been at about a 50% discount. If the two companies had been brought together on that basis, the result would have been that each Aetna stockholder's $2 in equity would have been traded for Connecticut General's 50 cents.

However, that was definitely not the case by the time the announcement came out. Aetna Fire in the past two years, has managed to improve its underwriting experience considerably, and there are signs that it will do even better this year. It is estimated that Hurricane Donna reduced its earnings $5 per share last year. Carla hasn't come anywhere close to that figure.

Last summer and this fall, Aetna stock responded strongly to the good news. Where it used to sell in the 70s, it has moved up to the 140s, or at about equity value.

The fact that Connecticut General was interested in buying Aetna, now a fairly "expensive" fire company, at a time when the discount situations were still around, points to a management philosophy which is worth noting. Connecticut General in effect was not bargain hunting. It was looking for a sound company and was willing to pay the price. Using the market value of Connecticut General on the day the announcement was made, the equivalent of $190 a share was paid for Aetna, which on that day was selling for $150.

Using last year's earnings as a basis, the acquisition would add about 15% to Connecticut General stockholders' earnings. And Aetna will benefit from an association with an aggressive and forward looking life company that has long done business with fire and casualty agents.

Observers of the stock insurance scene in New York say that Connecticut General probably made the best choice it could have made and that the affiliation would be good for both sides.—J. H.

Personals

Drex G. Foreman, executive secretary emeritus of Texas Assn. of Insurance Agents, suffered a heart attack while boating and is recuperating at All Saints Episcopal Hospital, Fort Worth.

Follett L. Greeno, Rochester agent, won the 1961 "poetry day" competition in his city by popular vote of those attending a display at the Rochester Public Library. Mr. Greeno is a past president of New York Assn. of Insurance Agents. He is a director of Excelsior.

F. F. Ludolph, secretary San Antonio Insurance Exchange, suffered a light stroke Nov. 16. After a brief stay in Baptist Memorial Hospital, he will rest at the home of his daughter, Mrs. J. L. Stedham Jr., 802 Royal Court, San Antonio.

The marriage has been announced of **Edward J. Dirksen,**, associate counsel in the Chicago regional home office of Prudential, to Virginia Allen of Taylorville, Ill. Mr. and Mrs. Dirksen are at home at 916 Harvard Lane, Wilmette, Ill. He is former executive secretary of Illinois Assn. of Insurance Agents.

Cyrus Garnett, chairman of Motor Vehicle Casualty of Elmhurst, Ill., and Mrs. Garnett had a narrow escape when a tire on their auto blew out as they were traveling near Hartford, Wis. The car turned over, but Mr. Garnett suffered only minor injuries and is back at his desk. Mrs. Garnett, however, is in the hospital at Hartford with a broken clavicle and several broken ribs.

Sidney W. Souers, chairman General American Life, has been named by Gov. Dalton of Missouri to succeed **Preston Estep,** president Transit Casualty and chairman State National Life, as a member of the Bi-State Development Agency of Missouri and Illinois. Mr. Estep is resigning to remove the possibility of a conflict of interest in view of the agency's proposal to establish a unified transit system for the St. Louis metropolitan area. Transit Casualty writes the liability insurance for Public Service Co. of Missouri, East St. Louis City Lines and several smaller bus companies in the area that might be taken over by the bi-state agency.

Deaths

HAROLD C. WATSON, 62, executive vice-president Baerwald, Hoffman & Co. agency of Milwaukee, died of a heart ailment. He started in insurance with Travelers, becoming assistant manager at Milwaukee. In 1930 he joined Globe & Rutgers, and later was with an auto finance agency in Detroit. From 1938 until 1947 he was state

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agent in Wisconsin of Security of New Haven, in the latter year going with Baerwald, Hoffman Co. as executive vice-president.

BEVERLY C. IRWIN, 57, general agent at New Orleans, was killed when his car left the highway and sank in a deep drainage ditch near Sidell, La.

ROBERT E. ISRAEL Sr., 74, local agent at Wichita for 50 years, died in a Wichita hospital. A long time civic leader of that city, he at one time was mayor.

HAROLD MILLER, vice-president and general manager of MV Service Inc., the finance affiliate of Motor Vehicle Casualty of Elmhurst, Ill., died of a heart attack.

ROBERT T. DONOVAN, 78, president Michigan Mutual Hail, died in a hospital at Lansing while undergoing treatment for a lung ailment. He had been with the company since 1913.

MICHAEL C. KING, 68, vice-president of the Jacksonville, Fla., agency of Stockton, Whatley, Davin & Co., died in a hospital there after a long illness. He was at one time the owner of King-Fischer agency of West Palm Beach.

Leslie H. Cook Elected Chairman Of Assn. Of Illinois Lloyd's Brokers

Leslie H. Cook of Leslie H. Cook Inc. has been named chairman of Assn. of Lloyd's Brokers of Illinois. Also appointed at the annual meeting were John Irland, John Irland & Co., vice-chairman; E. Brook Vickery, Vickery, Hoyt & Graham, secretary, and James F. Dore, Illinois Appleton & Cox, treasurer. New directors are Alvin Atcholme, Bowes & Co.; Frazier S. Wilson, Stewart, Smith; and Mr. Vickery.

Held in conjunction with the above association was the meeting of Surplus Lines Brokers Assn. of Illinois. Elected officers were Mr. Irland, chairman; Mr. Cook, vice-chairman, and John Smith of Lord, Bissell & Brook, secretary. This association elects no treasurer.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Nov. 21, 1961

	Bid $	Asked $
Aetna Casualty	162	—
Aetna Fire	170	180
American Equitable	24½	25½
American, Newark	32	33
American Motorists	30	33½
Boston	44	45½
Continental Casualty	110	112
Crum & Forster	55½	57
Federal	76	78
Fireman's Fund	66	68
General Re.	190	200
Glens Falls	51	54
Great American	65½	67½
Hartford Fire	89	92
Hanover	49	51
Home of N.Y.	67	68½
Ins. Co. of No. America	108	110
Jersey Ins.	40½	—
Maryland Casualty	48	50
National Fire	162	168
National Union	49	51
New Hampshire	71	—
North River	50½	52½
Ohio Casualty	35	37
Phoenix, Conn.	138	144
Prov. Wash.	27½	29
Reins. Corp. of N.Y.	28	30
Reliance	72	74
St. Paul F. & M.	92½	95
Springfield Ins.	46½	48
Travelers	168	172
U. S. F. & G.	79½	81½
U. S. Fire	40	43

Oct. Fire Losses In 6.3% Decline

Fire losses in the U. S. in October amounted to $86,932,000, a decrease of 6.3% from October, 1960, according to National Board. The October total is up by 12.9% over losses in September 1961. The brush fires near Los Angeles are not included in the October figures.

Losses for the first 10 months of 1961 came to $983,671,000, an increase of 6.7% over the similar period in 1960.

Great American Builds Up Agent Conferences

Great American is holding its second series of agent advisory conferences. The eastern meeting will be in New York Nov. 27-28; the midwest meeting in Chicago Nov. 30-Dec. 1, and the Pacific gathering in San Francisco Dec. 10-11.

William E. Newcomb, president, said the success of last year's conference in New York led to extension to a regional basis to permit greater participation from each area.

S.C. Approves Safe Driver Plan And Auto Rate Hikes

South Carolina has approved the safe driver plan and special policy of National Bureau and National Automobile Underwriters Assn. Also approved are rate increases of 9.8% for PHD. The 15% safe driver discount, however, would offset the liability increase to a net of 2.5% and would result in a 6.55% decrease on PHD. All changes and the safe driver plan are effective Dec. 31.

Planning La. Safe Driver Hearing; Agents Alerted

The casualty and surety division of Louisiana Insurance Rating Commission has indicated that it will hold one or more public hearings on the proposal for a safe driver plan. It has been reported that with the filing of the plan, liability rate increases ranging from 8.2% to 18.6% will be sought.

In order to present to the commission the attitude of agents in the state toward these changes, Louisiana Assn. of Insurance Agents is requesting each local exchange to bring the matter before its membership at its November meeting.

Reliance Dividend Raised

Reliance has raised from 55 cents to 60 cents the regular quarterly dividend, payable Dec. 15 to stock of record Nov. 17.

NYFIRO Men To Speak

Greater New York Insurance Brokers Assn. at its Nov. 29 meeting in the Sheraton-Atlantic Hotel will hear a discussion on fire rule and rate changes since September. Two New York Fire Insurance Rating Organization officials—Robert D. Knapp, manager of the metropolitan division, and George W. Grape, superintendent of the stamping department, will speak and conduct a question-answer session.

Postpone Wrap-Up Hearing

The New York department has postponed from Nov. 21 to Nov. 29 its hearings on the wrap-up compensation and liability rating plan of North America on New York City Housing Authority's construction projects.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Buyers had to beg last week for both the life and fire-casualty issues. Prices were marked up between small trades. The specifics as to earnings and net worth were junked. These matters became moot. You bought what you could get at the seller's price, especially in the life stocks. Away from the office it was hard to keep an accurate scorecard, but it was obvious that yesterday's quotations were obsolete.

The 400,000 share offering of Kentucky Central Life & Accident non-voting stock, with Stifel, Nicolaus of St. Louis as the principal underwriter, was released Thursday at 14¾. The stock almost immediately started trading then at 16-16½. There had been some grumbling on the score of its being non-voting stock, but the marketplace seemingly ignored this.

The market on Combined Insurance, of which 300,000 shares had been released the previous week at 57, dropped back 2 points to 59. Some who had owned this stock previously were selling off their old shares and retaining what they had gotten on the offering.

Kansas City Life traded at 2800, up 200 points from the bid price a week earlier. Washington National sold at 80, up 17 from recent levels. Bankers National Life at 61 was up 5, and Banlife Corp., which owns 57% of Bankers National, was all on the bid side at 360. There are about 11 Bankers National shares for each Banlife.

Gulf Life at 45 was plus 5. Old Republic Life continued its advance to 31. Life Insurance of Virginia vaulted. The main Texas names were being taken at whatever the offering price was. Commonwealth Life acted as if it wants to be the year's best market performer and at 67 was plus 8 for the week. Philadelphia Life broke into the 90 range. Its business is ahead 40% this year.

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Arbitragers last week dug earnestly into the Connecticut General-Aetna Fire situation. On Friday Connecticut General was 320 bid and Aetna was offered at 157. If the alliance were to be perfected and the Connecticut General market remain firm, that would have meant that the buyer of 100 shares of Aetna at 157 would get .6 share of Connecticut General in the exchange. Such a fraction Friday was worth $192, or $35 more than it could have been bought for via Aetna. This was highly enticing. The main risk is that the New York department will interrupt the program or, conceivably, block it even, by straining to outwit the court of appeals decision. But even so several arbitragers concluded that Aetna would then slump no more than 20 points. This was the amount by which it advanced on the announcement, and it might well have gone half that distance anyway in sympathy with the rest of the fire-casualty list. The Connecticut General market by Friday had all but recovered the 30 points it lost on the announcement. The Aetna Fire acquisition would contribute well to Connecticut General earnings and there was little inclination on the part of those stockholders to let go. In the final analysis there will be 6 million C. G. shares of which 1,200,000 or 20% will be seminal to Aetna. The investment income alone of Aetna should be close to $8.50 this year. Give them a fair wind on underwriting and the earnings from Aetna translated back into the present C. G. shares could be $5 or $6. Capitalize that at 30 times, which is what the life insurance market now seems to be doing, and it spells mother. Aetna on Monday had gone on up to 167 bid.

Unexpected word of a 5% dividend in stock for Continental Insurance next spring sent this Big Board issue into new high ground at 72. Last year there was 10% increase in the cash dividend and the holders had hardly been whetting their appetites for another improvement so soon.

Ohio State Life at 72 bid was nearly 20 points above what it was when the new Columbus Mutual program was announced. Ohio Casualty was 35 bid with none offered.

Aetna Casualty on Friday was 160 bid, up 3 for the week. Aetna Life was 4 points higher. Boston was up 3, BMA 5, Federal 2, General Reinsurance 8, Glens Falls 5, Great American 3, Hartford 1, Home 2, Jefferson Standard 4, Lincoln National 15, Maryland Casualty 2, Massachusetts Protective 4, New Hampshire 3, Pacific Indemnity 3, Phoenix 9, Providence Washington 3, Springfield 4, Travelers 2, U. S. F. & G. 2, U.S. Life 3.

Selectivity Is A Bugaboo To States, Parker Tells NAII

(CONTINUED FROM PAGE 9)

surance was approved, "but we still have these same complaints."

The situation is true not only in auto, it also prevails in fire insurance, the commissioner said. "We have the rapidly developing problem of the indifference of the insurance companies to small fire insurance risks, especially dwellings."

The fire companies, however, are aware of the problem, Mr. Parker remarked, adding he does not believe the insurers will let the matter develop to a point where voluntary or statutory assigned risk procedures will be necessary.

There is the additional question in the fire business of whether rates are adequate on homeowners and other multi-peril policies. Mr. Parker said he has been told by some that the rates are not adequate or will prove not to be.

More Independent Filings

Regulatory authorities find that they are getting more and more independent filings, more and more requests for deviations and variations in forms, rates and methods of payment of premiums, he declared. "We find old, conservative insurance companies, which in the past have been the backbone of the rating bureaus, withdrawing from the bureaus and filing independently. We find companies offering all kinds of gimmicks in their policy forms and rates, giving their policies eye-catching names and using all sorts of methods to try to attract the attention of the insurance buying public to their particular product. All of this at times seems to be done without any particular thought of the public good they may accomplish or the financial soundness of what they are offering. The overwhelming desire seems to be to get all of the good risks possible with the hope that the loss ratio will be low and make up for the lack of premiums. Little thought seems to be given to the basic principle of insurance, that the many help pay the losses of the few. None of the gimmicks or fancy methods are directed toward the less desirable risks. In fact, we seem to be approaching the time when there will be little or no market for these less desirables."

—

Cartwright In Higher Glens Falls Position

Glens Falls has named George C. Cartwright Jr. administrative assistant in the home office underwriting division. Mr. Cartwright, who has been in the systems and procedures department since 1958, will be under the direct supervision of L.A. Kenney, vice-president and senior underwriting executive.

Mr. Cartwright joined the company in 1950. He was special agent at Nashville and at Pittsburgh before his transfer to systems and procedures.

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Civil Service Employees Names 5

Civil Service Employees of San Francisco has made several appointments and transfers. New comptroller is Kirby Taylor; personnel director, Frank Sosso; assistant tab supervisor, Donald Dunn; assistant fire superintendent; Tom Taylor; Los Angeles field supervisor, Chuck Mechling.

State, Federal Roles Still Not Fully Determined

(CONTINUED FROM PAGE 9)

petitors involved or how insignificant the market which is affected. In contrast where the aggregation of power is under a single ownership, or a single corporation, the market control can be almost complete without violating the law. Yet in both situations—conspiracy and monopoly—the root of the evil is the same, control over markets.

The anti-trust laws in a weak way prohibit monopoly. In a stronger way, they prohibit new combinations of power which increase control over markets. Specifically, they prohibit competitors from conspiring or ganging up, either against the public or against other competitors. They prohibit mergers which tend to create a monopolistic aggregation of power. Finally they prohibit certain abuses of power already attained.

Thus, he said, there is a prohibition against price discrimination which is not justified by differences in costs where the effects injure competition. There is also a general prohibition against exclusive-dealing and tie-in sales and contracts.

The McCarran act in 1945 exempted insurance—in practice, at least—from the federal anti-trust laws. What the weight of the advantage will be in the long run Rep. Patman said he could not venture to predict, but he observed "that some acute problems are arising from the exemptions and from your point of view. In any case, the exact area of the exemption, or to say it the other way, the exact area of duplication as between state and federal regulation, is in an unsatisfactory state of unclarity."

He said he hopes the studies and hearings of the Senate anti-trust and monopoly subcommittee will continue to focus attention on those monopolistic and restrictive practices which are arising under state regulation with a result that the states will correct deficiencies in their laws and regulatory practices.

"Even so," he commented, "I would anticipate that dual regulation by the federal and state governments will be necessary in certain areas where the states do not have the inherent powers of preventing monopolistic and unfair practices."

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Maryland has approved extension of the special multi-peril policy to include boiler and machinery on motels and apartment houses, on a permissive basis and by endorsement.

Kentucky Agents Elect Yeary President

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have instituted changes designed to recapture some of their lost business, Mr. Hockensmith noted.

Some examples of these changes are introduction of merit rating and safe driving plans for auto insurance; promulgation of the "special auto policy," employing automation in policy writing and premium writing; reduction in premiums for homeowners insurance with increased basic liability and medical payments coverage; development of public and institutional property plans and development of package policies for motels, apartment houses, funeral homes, office buildings and mercantile occupancies.

Agents today must arise not so much to meet the challenge of the direct writers or the captive agent companies, but to the challenge of the insuring public which demands one dollar's worth of service, consideration, courtesy and protection for every premium dollar it pays. Agents, whether operating under the American agency system or under another system, will survive if they serve their companies faithfully and their public honestly, efficiently, expertly and courteously.

17 Resolutions Passed

A good many resolutions were passed (17 in all), but among those of other than commendatory nature were six: Condemning the practice of money-lending agencies coercing the borrowers in the placing of their insurance; condemning the practice and the fundamental principle of any and all insurance companies purchasing or acquiring insurance agencies and doing business within the American agency system; registering emphatic objection to the known practice of some large companies and general agencies of appointing as their agents those to be already representing companies that are semi-direct writers, definitely not upholding the principles of the American agency system; urging the next session of the legislation to amend the workmen's compensation law so that it will be less subject to the awarding of unjust claims, and further urging the legislation to continue to provide that WC insurance shall be provided by private insurers—the association goes on record as being opposed to any form of state fund or any other socialized means of providing such coverage which is definitely not in the public interest; and, finally, since it is becoming increasingly evident that short rate earned premiums on deferred premium payment plan policies canceled on anniversary date are uncollectable from insured, it is urged that the insurance department take corrective measures to alleviate the situation as soon as possible.

James M. Graves, attorney at Louisville, discussed some recent developments in workmen's compensation he said were contrary to the public interest in general, contrary to the industry's interest, and contrary to the agent's interest.

Basically Good Law

The law itself is basically a good one; it is the recent excesses and demands which give concern. And especially the effort on the part of certain elements of organized labor to obtain the passage of legislation establishing a monopolistic state fund in the field of WC insurance.

Mr. Graves noted as one bad feature of the WC law today the subsequent claim fund which the 1960 legislation established. This is administered by the department of industrial relations and pays the balance of a disability claim when an injured employe returns to work and continues working for the same employer at a wage equal to or greater than that earned prior to his injury. This has not worked well and constitutes a prime example of delay and red tape which is inherent in the handling of matters of this nature by a political or government bureau.

Since 1956, occupational diseases have been covered under the WC act. In some instances, this is good and has worked well. Dust cases, however, such as silicosis and pneumonconiosis have just about gotten out of hand; to the point, indeed, that smaller coal mining operations are about to be forced out of business.

Another thorn in the side of industry and insurance claim departments is an item called traumatic neurosis, Mr. Graves suggested. Generally, such a condition is defined as a mental or emotional tension or disability; but for a number of years the courts have been allowing compensation for neuroses the same as for injuries.

Cases involving heart diseases have also become a major problem. It is quite easy for an unscrupulous claimant to claim that a strain or exertion on the job is responsible for a serious heart attack. Within the past year, the court of appeals has handed down two decisions allowing partial recovery or partial payment of compensation in heart attack cases.

Other speakers included Stafford Warner, vice-president E. H. Crump agency at Memphis, Tenn., "What NAIA Means to You;" Eugene F. Gallagher, manager Chicago Board; James E. Bassett, public safety department, Frankfort, who discussed model licenses; Walter G. Dithmer, midwestern regional manager Insurance Information Institute, who discussed that organization; and a panel on NAIA's services with Valmore H. Forcier, member of NAIA's executive committee and advertising coordinator; Harry Houlihan, Lexington, chairman of the local association's advertising committee, and Donald Mills, Bowling Green, and Carl Ward, Harlan, both co-chairmen of that committee.

Md. Cuts Fire And Homeowners Rates

Commissioner Sears of Maryland has approved fire rate reductions ranging from 5% to 35% and a 5% decrease on homeowners 1, 2, 3 and 4.

The fire rate changes, applicable to new and renewal policies effective after Nov. 1, include a 5% cut for residential buildings and household furniture and for mercantile buildings with contents. There is a 35% reduction for office and bank risks, hospitals and penal institutions, and builders risks, and a 25% decrease for warehouses and storage, except whiskey and tobacco warehouses and grain terminals. Rates on lumber and building material risks are raised 30%.

The homeowners change, effective Sept. 18, also increases personal liability limits to $25,000 and medical payments to $500.

Peerless Reports On Nine Month Results

Peerless wrote $12,252,462 in premiums, an increase, and earned premiums of $11,445,290, a slight decrease in the first nine months. Loss and loss expenses were 61.7% of earned premiums, while other underwriting expenses were 40.4% of written. The combination of these figures produced an operating loss of 2.1% or approximately $240,351. Appreciation in portfolio valuations added $745,487 to surplus, which rose to $9,019,797.

United Life & Accident showed an increase in all growth indices during the nine months.